

# *City of Takoma Park Maryland*



*Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2007*



# *City of Takoma Park Maryland*



## *Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2007*

*Prepared by: City of Takoma Park, Maryland*

*Barbara B. Matthews  
City Manager*

*Yovonda D. Brooks, CPA  
Director of Finance*



# CITY OF TAKOMA PARK, MARYLAND

## *Table of Contents*

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	1-5
GFOA Certificate of Achievement .....	6
Organizational Chart .....	7
List of Elected and Appointed Officials .....	8
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	9
Management's Discussion and Analysis (required supplementary information) .....	11
<b>Basic Financial Statements</b> .....	<b>23</b>
Government-wide Financial Statements:	
Statement of Net Assets .....	24
Statement of Activities .....	25
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	26
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets .....	27
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities .....	29
General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary and Actual .....	30
Stormwater Management Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary and Actual .....	31
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Assets .....	32
Statement of Changes in Fiduciary Net Assets .....	33
Summary of Significant Accounting Policies .....	34
Notes to Financial Statements .....	39
<b>Required Supplementary Information</b> .....	<b>55</b>
Pension Trust Funds:	
Public Safety Employee Pension Fund – Schedule of Funding Progress .....	56
Public Safety Employee Pension Fund – Schedule of Employer Contributions .....	56

## *Table of Contents*

	<b>PAGE</b>
<b>Supplementary Information</b> .....	57
Schedule of Revenues, Expenditures and Other Financing Sources (Uses) –	
Budget and Actual – General Fund .....	58
Community Center Fund Schedule of Revenues, Expenditures, and Changes	
in Fund Balance – Budgetary and Actual .....	61
Special Revenue Fund Schedule of Revenues, Expenditures, and Changes	
in Fund Balance – Budgetary and Actual .....	62
Non-Major Funds Combining Balance Sheet .....	63
Non-Major Funds Combining Schedule of Revenues, Expenditures	
and Changes in Fund Balances .....	64
Combining Statement of Fiduciary Net Assets .....	65
Combining Statement of Changes in Fiduciary Net Assets .....	66

## **STATISTICAL SECTION**

Statistical Section Contents.....	67
Net Assets by Component.....	68
Changes in Net Assets .....	69
Fund Balances, Governmental Funds .....	70
Changes in Fund Balances of Governmental Funds .....	71
General Fund Tax Revenue by Source .....	72
Property Tax Levies and Collections .....	73
Assessed and Estimated Actual Value of Taxable Property .....	74
Property Tax Rates-Direct and Overlapping Governments .....	75
Computation of Legal Debt Margin.....	76
Ratio of Net General Bonded Debt to Assessed Value and	
Net Bonded Debt Per Capita .....	77
Ratio of Annual Debt Service Expenditures for General Bonded	
Debt to Total General Governmental Expenditures .....	78
Computation of Direct and Overlapping Debt.....	79
Demographics Statistics .....	80
Principal Taxpayers .....	81
Full-time Equivalent City Government Employees by Function.....	82
Miscellaneous Statistical Data .....	83
Schedule of Insurance in Force .....	85

## **INTRODUCTORY SECTION**

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# The City of Takoma Park



## Office of the City Manager

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Fax: 301.270.8794  
Email: [BarbaraM@takomagov.org](mailto:BarbaraM@takomagov.org)

7500 Maple Avenue  
Takoma Park, MD 20912

## Barbara B. Matthews, City Manager

October 31, 2007

Honorable Members of the City Council  
City of Takoma Park, Maryland:

The City's Charter, Section 821, requires that the financial books and accounts of the City be audited annually in accordance with applicable State laws and the requirements of the City Council. The City Council has elected to have its financial statements prepared in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a certified public accountant. We hereby issue the comprehensive annual financial report (CAFR) for the year ended June 30, 2007. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and changes in financial position of the City; and, that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been provided.

Clifton Gunderson LLP, a firm of licensed certified public accountants, has audited the City of Takoma Park, Maryland's financial statements. The independent auditor's report is included with the City's financial statements in the Financial Section of this report. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and, for the basic financial statements of the City, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. On the basis of this examination, the independent auditors have issued an unqualified opinion that the presentation of the basic financial statements conforms to accounting principles generally accepted in the United States. In conducting the audit, the auditors performed tests of the accounting records and such other procedures as were considered necessary in the circumstances to provide a reasonable basis for the opinion on the financial statements. The auditors also assessed the accounting principles used and the significant estimates made by management, as well as evaluated the overall financial statement presentation.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the Financial Section of this report.

## PROFILE OF THE GOVERNMENT

The City of Takoma Park is approximately 2.4 square miles in size and is located in Montgomery County near the border of Washington, D.C. The City was incorporated in 1890 and currently has a population of 18,497 (U. S. Census 2006 estimate).

The City of Takoma Park operates under a Council/Manager form of government. Policy-making and legislative authority are vested in a governing body consisting of seven members (Mayor and six Council members). The City Council is elected on a non-partisan basis. All seven members serve two-year terms. Six Councilmembers are elected by wards. The Mayor is elected at large. The City Council's responsibilities include passing ordinances and resolutions, adopting the City's annual budget, appointing members to committees, and hiring both the City Manager and the City Attorney.

The City Manager is responsible for implementing the policies and ordinances of the City Council, overseeing the day-to-day operations of the government, and appointing the heads of various departments.

The City provides a range of municipal services including but not limited to housing and property inspections, solid waste and recycling collection, storm drainage maintenance, street maintenance, snow removal, street lighting, parks and recreation, and police protection.

### **ECONOMIC CONDITION AND OUTLOOK**

The City is a residential community located in the southern part of Montgomery County in the inner suburbs of the Washington D.C. metropolitan area. City residents benefit from the excellent Montgomery County public school system. The Takoma Park-Silver Spring campus of Montgomery College and the four-year Columbia Union College are located in Takoma Park. Takoma Park has a large historic district, two major commercial districts, many parks, and attractive, walkable neighborhoods. The City is located along the Red Line of the region's Metrorail system and is well served by bus systems and bicycle trails. Offices, attractions and entertainment are close by in adjacent Washington, D.C. and Silver Spring, Maryland. Baltimore and Annapolis are a short distance away via I-495 and I-95.

Because of its location and attractive environment, Takoma Park is a highly desirable place to live. Its economic health rests heavily on the value of its residential property. Total assessed real and personal property value for Takoma Park was estimated at \$1.3 billion during fiscal year 2007. The City's assessable tax base continues to grow, primarily due to the increase in the assessed value of its real property. According to the 2000 census, the City had 2,797 single-family owner-occupied homes. Housing values have risen sharply since 2000. According to the 2000 census, the median value of a single-family home was \$189,200. The median sales price of single-family homes in the Takoma Park area was \$450,000 in 2006, according to the Maryland-National Capital Park and Planning Commission. Multi-family residential structures house 55% of Takoma Park's households.

Montgomery County reported an unemployment rate of 2.8% for fiscal year 2007. The Metropolitan Washington Council of Governments reported that the region grew by 312,600 persons between 2001 and 2005, with the inner suburbs growing by 5.2%. The region added 119,342 jobs during this period. The 2000 Census showed the median family income for the City of Takoma Park at \$63,434 with a per capita income of \$26,437 (in 1999 dollars). In the region, personal income grew by an average annual rate of 5.7% between 2000 and 2004.

The City is working to increase the health of its commercial districts—the City's Old Town area in the Takoma Park Historic District, and the much larger Takoma/Langley Crossroads area near the intersection of University Boulevard and New Hampshire Avenue. There have been no storefront

vacancies in either commercial district for several years. Nevertheless, officials and business organizations have identified a number of improvements that are needed—as well as opportunities worth investigating—to promote long-term economic health and stability.

Significant streetscape improvements have taken place in the Old Town area. The business association has a Maryland Main Street designation. The Takoma/Langley Crossroads area is the planned location for a major station of the “Purple Line,” a light rail or bus rapid transit system under design by the State of Maryland to cross Montgomery and Prince George’s County. Revitalization planning efforts for the Crossroads are underway in a joint effort of the planning agencies in both counties and the City of Takoma Park. The area was designated as a Maryland Enterprise Zone in 2005, providing tax incentives to new and expanding businesses.

### MAJOR INITIATIVES

City activities in fiscal year 2007 were largely focused on five major policy areas, which were:

- Completion of the Community Center project and analysis of a proposed gymnasium addition
- Fairer tax duplication payments from Montgomery County
- Redevelopment of the New Hampshire Avenue corridor
- Promotion of appropriate development in all areas of the City of Takoma Park
- Preservation of affordable housing in Takoma Park

Major accomplishments related to the aforementioned priority areas during fiscal year 2007 included the following:

- The City solicited and reviewed proposals for architectural services related to the proposed renovation of the Council Chambers/Auditorium for use as both a meeting space and as a performing arts venue. The City Council awarded a contract for architectural services in mid-May 2007.
- Installation of a second elevator in the Community Center was completed in April 2007.
- Working in conjunction with other municipalities in Montgomery County, the City was successful in securing a commitment from the County Executive to review the current methodology used to calculate municipal tax duplication payments. The City Manager is one of six municipal representatives on the Task Force, which held its first meeting in May 2007. The Task Force is anticipated to forward its recommendations to the County Executive in early 2008. Any change in methodology would likely be implemented in fiscal year 2009.
- Considerable resources were devoted to area development issues, especially related to a proposed townhouse development and related transit facility changes at the Takoma Metrorail station. In

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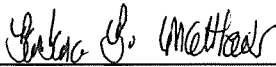
this effort, the City and its traffic consultant responded to a staff report prepared by the transit agency and worked to protect access to transit facilities at the station.

- Marketing efforts along New Hampshire Avenue intensified with the City hosting a series of tours of the corridor for selected local and regional developers, identifying potential investment opportunities for mixed use development and redevelopment projects. Technical support and access to financial resources were provided to small businesses operating along the corridor. Work on the upcoming New Hampshire Avenue and University Boulevard sector plan – to be developed by Montgomery and Prince George’s County National Capital Park and Planning staff in partnership with the City – was initiated.
- The City supported the Takoma Farmer’s Market efforts to secure grant funds and to establish a producer’s only market in the New Hampshire Avenue corridor.
- A proactive, targeted inspection program was developed and implemented to ensure community-wide compliance with local property maintenance code requirements. The exterior condition of over 2,280 residential, commercial, and institutional properties and open spaces were surveyed and inventoried.
- Matching funds were secured from the State of Maryland and the Community Development Block Grant (CDBG) program for a variety of facade, landscaping, and security related improvements.
- A series of workshops were held throughout the community, providing residents and business owners with the opportunity to learn more about the recommendations included within the 2000 Master Plan and to identify small scale improvements for several of the smaller neighbourhood commercial areas in the community.
- The City assisted in the formation and organization of nine new tenant associations and facilitated the investigative efforts of 11 tenant associations exploring the feasibility of purchasing their rental facility from their respective landlords. Pre-development funding was provided to three tenant associations.
- Legislative actions taken by the City Council included the exemption of certain rental facilities, the expansion of disclosure requirements upon the transfer of rental residential properties, and the streamlining of the licensing process for rental housing facilities.
- Additional affordable housing activities included the updating of the City’s Affordable Housing Policy and Action Plan, the planning and development of a County-wide housing fair, and the organization of a City-wide tenant summit.

#### ACKNOWLEDGEMENTS

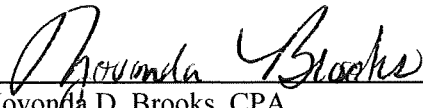
The preparation of this annual report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to everyone who assisted and contributed to its preparation. We are also grateful to the City's independent auditor, Clifton Gunderson LLP, for the professional assistance provided during the course of the audit. We are also grateful to Lindsey & Associates LLC for providing professional assistance during the preparation of the City's annual report. Finally, we would like to thank the members of the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and professional manner.

Respectfully submitted,



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Barbara B. Matthews  
City Manager



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Yovonda D. Brooks, CPA  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Takoma Park  
Maryland

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

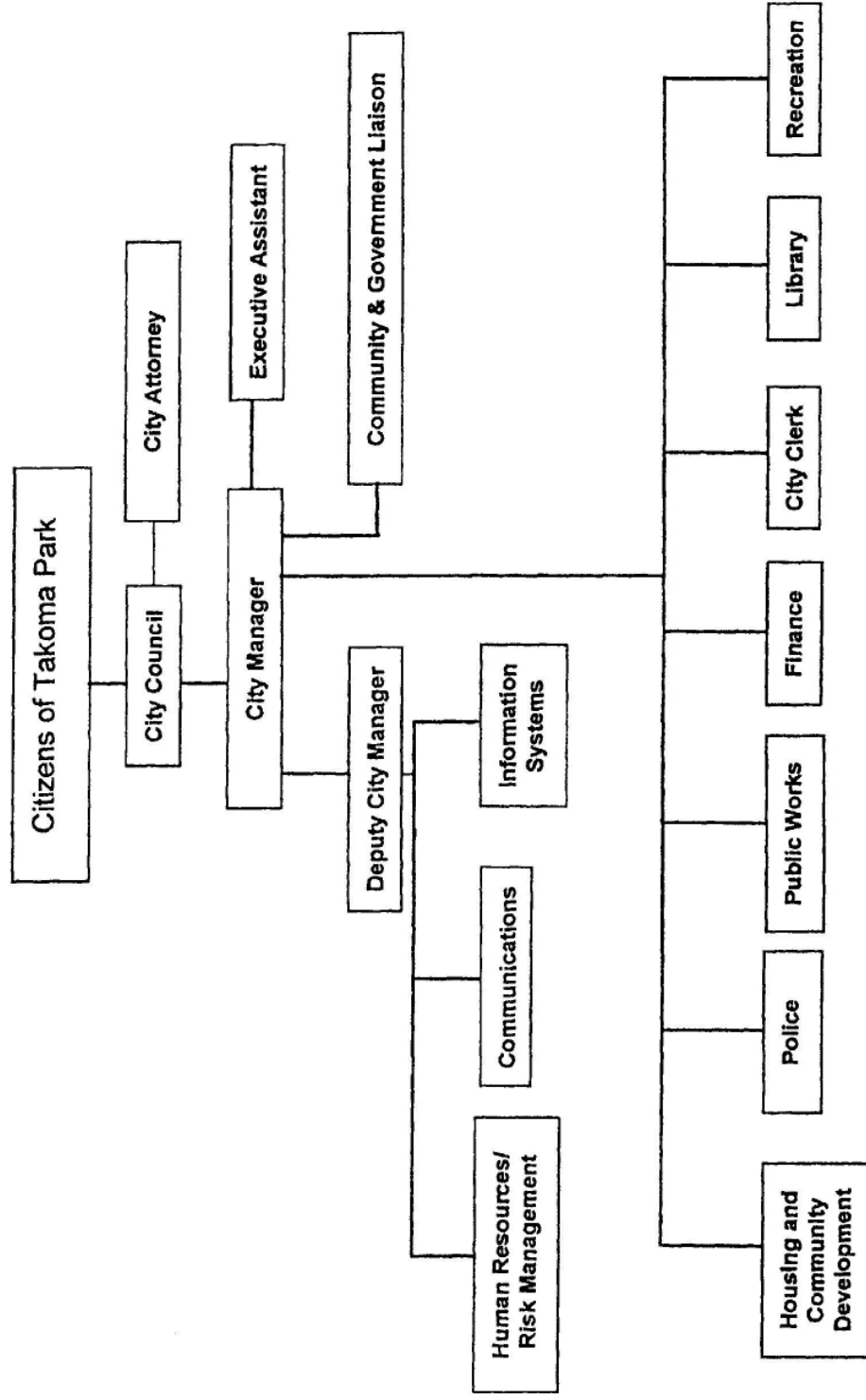
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# City of Takoma Park, Maryland



**CITY OF TAKOMA PARK, MARYLAND  
LIST OF CITY OFFICIALS  
Year Ended June 30, 2007**

**MAYOR**

KATHRYN PORTER

**CITY COUNCIL**

JOY AUSTIN-LANE  
COLLEEN CLAY  
BRUCE R. WILLIAMS

TERRY SEAMENS  
REUBEN SNIPPER  
DOUG BARRY

**CITY MANAGER**

BARBARA B. MATTHEWS

**DIRECTOR OF FINANCE**

YOVONDA D. BROOKS, CPA

**INDEPENDENT AUDITORS**

CLIFTON GUNDERSON LLP

*Prepared by the Finance Department*



## **FINANCIAL SECTION**

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## Independent Auditor's Report

The Honorable Mayor  
and Members of City Council  
City of Takoma Park, Maryland

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Takoma Park, Maryland (the City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Takoma Park, Maryland at June 30, 2007, and the respective changes in financial position and the budgetary comparison for the General and Stormwater funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and historical pension information as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Auditing Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2007, on our consideration of the City of Takoma Park, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Takoma Park, Maryland's basic financial statements. The accompanying supplemental information, such as the introductory section, combining and individual nonmajor fund financial statements, budgetary schedules for nonmajor funds and statistical schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other data, listed under the introductory and statistical sections in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Gunderson LLP*

Baltimore, Maryland  
October 29, 2007

**CITY OF TAKOMA PARK, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2007**

As management of the City of Takoma Park, we offer this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented herein in conjunction with the accompanying transmittal letter and financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the City of Takoma Park exceeded its liabilities at the close of the fiscal year 2007 by \$24,558,005 (net assets). This represents an increase of \$6,603,049 from the prior year. Approximately 64.7 percent of this increase is due to the capitalization of the City's infrastructure assets in order to comply with Government Accounting Standards. The balance of the increase is due primarily to revenues exceeding forecasts. Of the City's total net assets, \$6,118,379 may be used to meet the government's ongoing obligations to residents and creditors (unrestricted net assets).
- As of June 30, 2007, the City of Takoma Park's governmental funds reported combined ending fund balances of \$7,090,801, an increase of \$1,627,578 or 29.8 percent from the prior year. Of this amount, \$3,836,773 is available for spending at the government's discretion (unreserved fund balance). The increase in the combined ending governmental fund balances is due primarily to revenues exceeding expenditures by \$1,101,690 and lease proceeds of \$525,888.
- At the end of the fiscal year, the unreserved, undesignated fund balance for the General Fund was \$3,564,350 or 21.5 percent of the total general fund expenditures.

The City of Takoma Park's long-term debt decreased by \$266,411 during the fiscal year. The decrease is attributable to principal payments on existing debt.

**OVERVIEW OF FINANCIAL STATEMENTS**

GASB Statement 34 requires the utilization of dual focus financial reporting. Information is presented on a government-wide basis and on a fund basis.

This discussion and analysis is intended to serve as an introduction to the City of Takoma Park's basic financial statements that were prepared using these reporting requirements. The City of Takoma Park's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements.** The government-wide financial statements, which include the Statement of Net Assets and the Statement of Activities, are designed to provide readers with a broad overview of the City of Takoma Park's finances. All City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, public works, recreation, community development, and general government administration. The City currently does not have any business-type activities.

The government-wide financial statements can be found on pages 24 and 25 of this report.

**CITY OF TAKOMA PARK, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2007**

**Statement of Net Assets.** The Statement of Net Assets presents information on all of the City of Takoma Park's assets and liabilities, with the difference between the two reported as net assets. Net assets are further separated into those amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Takoma Park is improving or deteriorating.

**Statement of Activities.** The Statement of Activities presents information on how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax revenue and earned but unused vacation leave).

**Fund Financial Statements.** The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City of Takoma Park, like other local governments, uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. All of the funds of the City of Takoma Park can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations of both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are presented to facilitate the comparison between governmental funds and governmental activities.

The City of Takoma Park maintains five individual governmental funds. Information is presented separately in the governmental balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Stormwater Management Fund, which are considered to be major funds. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements elsewhere in this report.

The City of Takoma Park adopts an annual appropriated budget for its major funds - General Fund and Stormwater Management Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets.

**CITY OF TAKOMA PARK, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2007**

The basic governmental fund financial statements can be found on pages 26 - 31 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Takoma Park's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 32 and 33 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34 – 54 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to the City of Takoma Park's progress in funding its obligation to provide pension benefits to its Public Safety employees. Other supplementary information includes budgetary comparison schedules related to the General Fund and the non-major governmental funds and combining statements related to non-major governmental funds and fiduciary funds. Supplemental information can be found on pages 55 - 66 of this report.

## **THE CITY AS A WHOLE**

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Takoma Park, assets exceeded liabilities by \$24,558,005 as of June 30, 2007.

By far the largest portion of the City of Takoma Park's net assets reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. This investment totaled \$17,112,525 or 69.7 percent of the City's net assets as of June 30, 2007. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Unrestricted net assets totaled \$6,118,379. This category represents the net assets of the City that may be used to meet the City's ongoing obligations to its citizens and creditors.

During the fiscal year, the City of Takoma Park's net assets increased by \$6,603,049. Factors contributing to this increase include the increase in real property tax revenue and income taxes as well as the increase in investment earnings. However, the majority (64.7 percent) of this increase was due to the capitalization of the City's infrastructure assets with a book value of \$4,271,882. The following table reflects the City's net assets as of June 30, 2007 compared to June 30, 2006.

**CITY OF TAKOMA PARK, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2007**

**Governmental Activities**

	<u>2007</u>	<u>2006</u>
<b>Net assets</b>		
<b>Assets</b>		
Current and other assets	\$ 9,659,925	\$ 8,129,017
Capital assets	<u>23,433,046</u>	<u>18,613,025</u>
Total assets	<u>33,092,971</u>	<u>26,742,042</u>
<b>Liabilities</b>		
Current and other liabilities	1,785,992	1,771,701
Long-term liabilities	<u>6,748,974</u>	<u>7,015,385</u>
Total liabilities	<u>8,534,966</u>	<u>8,787,086</u>
<b>Net assets</b>		
Invested in capital assets, net of related debt	17,112,525	12,220,247
Restricted	1,327,101	1,524,639
Unrestricted	<u>6,118,379</u>	<u>4,210,070</u>
<b>Total net assets</b>	<u>\$24,558,005</u>	<u>\$17,954,956</u>

**Governmental Activities**

Governmental activities increased the City of Takoma Park's net assets by \$2,331,167 during fiscal year 2007, thereby accounting for 35 percent of the total growth in the net assets. The key elements of this increase are shown below. Information for the prior fiscal year is provided for comparative purposes.

**Governmental Activities**

	<u>2007</u>	<u>2006</u>
<b>Change in Net Assets</b>		
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,383,222	\$ 1,809,827
Operating grants and contributions	3,943,472	5,528,750
Capital grants and contributions	531,460	716,414
General revenues:		
Property taxes	8,764,784	7,901,543
Intergovernmental	3,662,840	1,904,784



**CITY OF TAKOMA PARK, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2007**

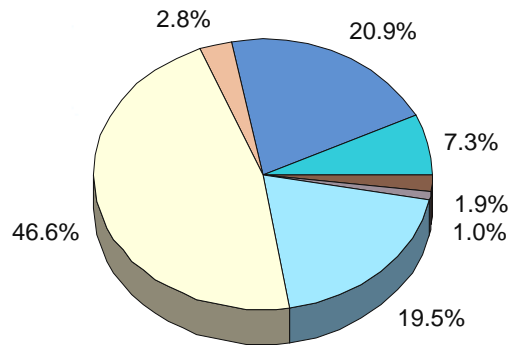
Net loss on sale of land	-	(49,152)
Miscellaneous	180,062	247,156
Unrestricted investment earnings	<u>359,342</u>	<u>184,751</u>
Total revenues	<u>18,825,182</u>	<u>18,244,073</u>
<b>Expenses</b>		
General government	2,764,025	2,819,521
Public safety	5,214,230	4,726,609
Public works	4,526,174	3,651,129
Housing and community development	1,198,331	1,005,222
Recreation and culture	2,540,913	2,170,734
Interest on long-term debt	<u>250,342</u>	<u>263,379</u>
Total expenses	<u>16,494,015</u>	<u>14,636,594</u>
<b>Change in net assets</b>	2,331,167	3,607,479
<b>Net assets, beginning of year</b>	17,954,956	14,347,477
Capitalization of infrastructure assets	<u>4,271,882</u>	<u>-</u>
<b>Net assets, end of year</b>	<u><u>\$ 24,558,005</u></u>	<u><u>\$17,954,956</u></u>

Property taxes increased by \$863,241 or 10.9 percent during the fiscal year. Most of this increase was due to the escalation in property values. Revenues from income taxes increased about \$345,000. Expenditures increased \$1,857,421 or 12.7 percent from fiscal year 2006 to fiscal year 2007. The variance in expenditures was due primarily to the \$530,000 increase in depreciation expense, along with increases in personnel costs, utility costs, and fuel costs. The increase in depreciation is due to the capitalization of the infrastructure in Public Works and the acquisition of major equipment items in Public Safety and Public Works.

As shown above, the cost of all governmental activities was \$16,494,015. Those who directly benefited from the services paid \$1,383,222 of the activity costs. The City also received operating and capital grants and contributions from other governments and organizations (\$4,474,932), which reduced the amount paid by City residents for certain services. The net cost of the City's governmental activities equaled \$10,635,861.

**CITY OF TAKOMA PARK, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007**

# Governmental Activities Revenues

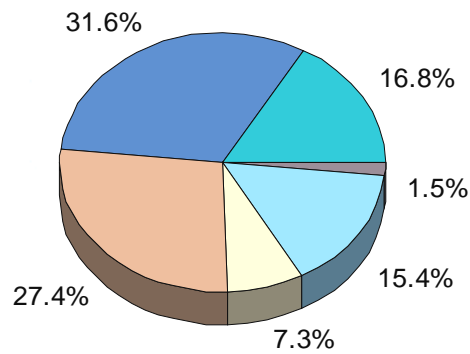


Total - \$18,825,182

<div></div> Charges for services - \$1,383,222	<div></div> Operating grants & contributions - \$3,943,472
<div></div> Capital grants & contributions - \$531,460	<div></div> Property taxes - \$8,764,784
<div></div> Intergovernmental - \$3,662,840	<div></div> Miscellaneous - \$180,062
<div></div> Unrestricted investment earnings - \$359,342	

**CITY OF TAKOMA PARK, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007**

# **Governmental Activities Expenses**



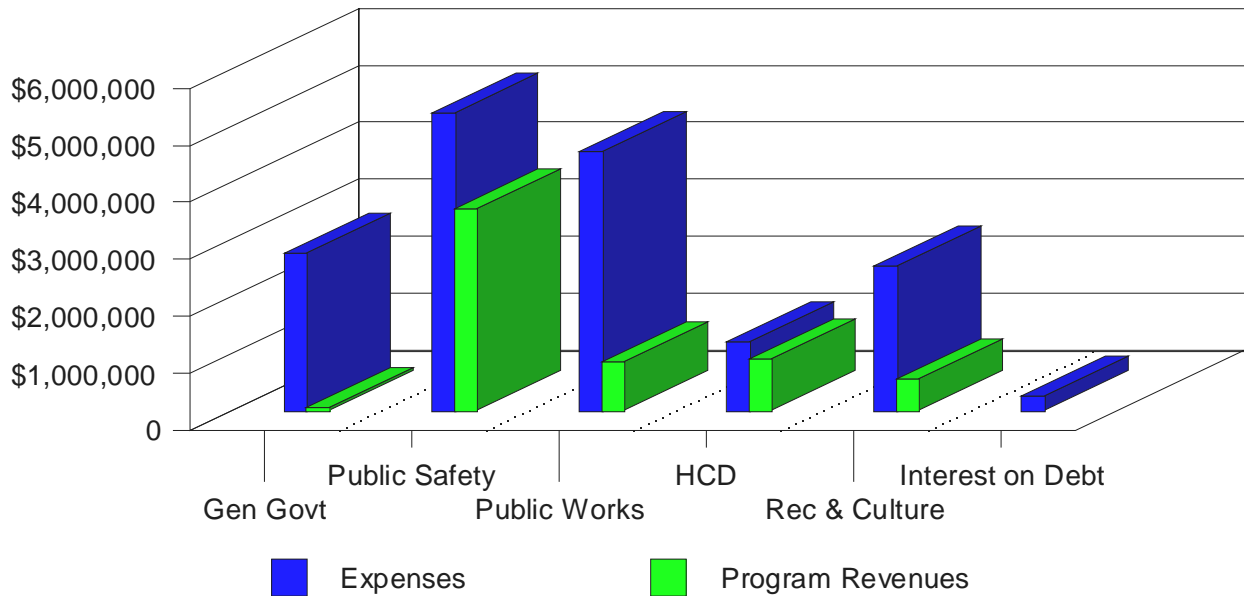
**Total - \$16,494,015**

<div></div>	General Government - \$2,764,025
<div></div>	Public Safety - \$5,214,230
<div></div>	Public Works - \$4,526,174
<div></div>	Housing & Community Development- \$1,198,331
<div></div>	Recreation & Culture - \$2,540,913
<div></div>	Interest on long-term debt - \$250,342

**CITY OF TAKOMA PARK, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2007**

## Statement of Activities

### Comparison of Program Revenues vs Expenses



#### Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

#### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2007, the City's governmental funds had combined fund balances of \$7,090,801, an increase of \$1,627,578 from the prior year. Approximately 24 percent of this amount is reserved to indicate that it is not available for new spending. The reserved portion of the fund balance totals \$1,740,815.

**CITY OF TAKOMA PARK, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2007**

The General Fund is the chief operating fund of the City of Takoma Park. At the end of the fiscal year, it had a total fund balance of \$6,404,664. Of this amount, \$1,327,101 or about 21 percent is reserved for the following purposes:

- |                         |            |
|-------------------------|------------|
| • Equipment replacement | \$ 977,913 |
| • Emergency             | 349,188    |

Additional monies (\$1,513,213) are unreserved but designated for the subsequent fiscal year. The undesignated portion of the fund equals \$3,564,350. In addition to the General Fund, the City has another major fund. The Stormwater Management Fund, which was established to account for revenue and expenditure activity related to the maintenance and construction of the City's stormwater systems, had a fund balance of \$233,076 as of June 30, 2007. A portion (\$6,814) of the \$233,076 is reserved for the emergency assistance fund that was established by the City Council to provide financial assistance to City residents for temporary housing, medical assistance, utility payments, etc. The \$81,636 increase in the fund balance is due to revenue growth.

The City's non-major funds had a combined fund balance of \$453,061 as of year-end. Approximately \$407,000, or 89 percent, of the \$453,061 is reserved for the acquisition of cable equipment (\$367,257) and for notes receivables (\$39,643). The total combined fund balance increased \$21,774 or five percent from the prior year. Non-major funds account for such activities as the construction of the City's community center, the rehabilitation loans and grants, and the tracking of grant activity.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, there was a \$198,221 increase in the General Fund expenditure appropriations between the original and the final budget. This increase was to provide supplemental appropriations in capital outlay to cover the unanticipated purchase of equipment for Public Works and to increase the expenditures for street improvements. The additional expenditures were funded through the reserves for street improvement and equipment replacement, as well as the insurance proceeds received to replace equipment that was destroyed by fire.

On a budgetary basis, actual revenues for the fiscal year exceeded budget by \$1,093,238. Higher than anticipated revenues from income tax accounted for the majority of the variance. Other revenue sources that performed better than expected were property taxes, licenses and permits, investment earnings, miscellaneous, and charges for services.

Actual expenditures were \$1,322,921 less than the revised budget authorization. Expenditures in most categories were less than anticipated, particularly in General Government, which accounted for \$762,310 of expenditure savings. Savings in General Government expenditures were primarily attributable to lower than anticipated costs for contingencies, emergency supplies, and other administrative costs.

**CITY OF TAKOMA PARK, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2007**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

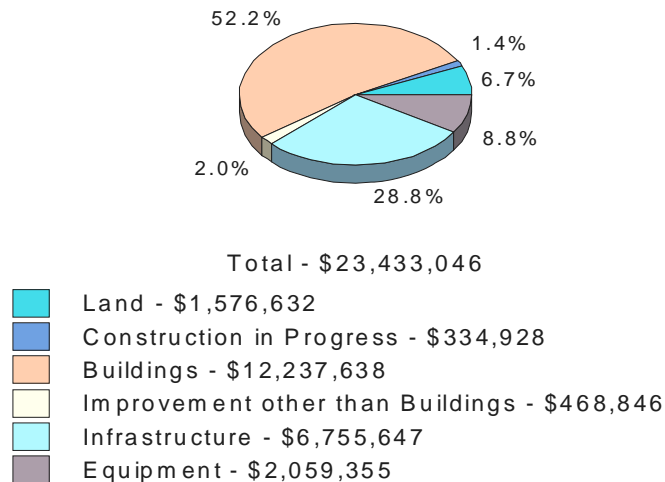
**Capital Assets**

As of June 30, 2007, the City of Takoma Park's investment in capital assets, including buildings, roads and other infrastructure, vehicles, and equipment for its governmental activities totaled \$23,433,046. This amount represents a net increase of \$4,820,021, or 25.9 percent, from the prior year. The increase was attributable to the capitalization of the City's infrastructure with a net value of approximately \$4.3 million to comply with Government Accounting Standards. The remaining increase in capital assets was due primarily to the acquisition of approximately \$1 million in vehicles and equipment for Public Safety and Public Works.

Further information on the City's capital assets is shown below:

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
<b>Capital Assets (net of depreciation)</b>		
Land	\$1,576,632	\$ 1,601,538
Construction in progress	334,928	14,059,782
Buildings	12,237,638	1,119,386
Improvements other than buildings	468,846	485,922
Infrastructure	6,755,647	-
Equipment	<u>2,059,355</u>	<u>1,346,397</u>
<b>Total</b>	<u><u>\$23,433,046</u></u>	<u><u>\$18,613,025</u></u>

**Capital Assets**  
**(Net of Depreciation)**



**CITY OF TAKOMA PARK, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2007**

**Debt**

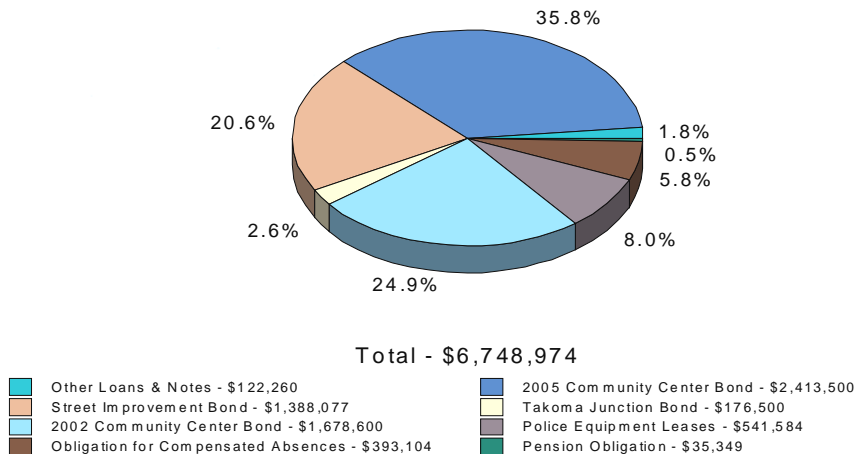
At year-end, the City had \$6,748,974 in outstanding debt, a decrease of \$266,411 or 3.8 percent from the prior year. The outstanding debt is comprised of long-term notes and bonds, capital leases, and accrued obligations for compensated absences and pension obligations. The decrease in outstanding debt is primarily due to fiscal year 2007 principal payments of \$733,584. During fiscal year 2007, the City entered into a capital lease in the amount of \$525,888 to acquire police vehicles.

Further information on the City's outstanding debt is shown in the following table. Information for the prior fiscal year is shown for comparative purposes.

**Governmental Activities**

	<u>2007</u>	<u>2006</u>
<b>Long-Term Liabilities</b>		
Long-term note – MICRF	\$ 17,260	\$ 22,260
Loan payable – Montgomery County	105,000	155,000
Bonds payable – Takoma Junction	176,500	196,666
Bonds payable – Community Center (2002)	1,678,600	1,757,000
Bonds payable – Street improvements	1,388,077	1,696,538
Bonds payable – Community Center (2005)	2,413,500	2,508,000
Capital lease payable – Police equipment	134,624	190,461
Capital lease payable – Street sweeper	-	2,292
Capital lease payable- Police Vehicles	406,960	-
Net pension obligation	35,349	26,300
Accrued obligations for compensated absences	393,104	460,868
<b>Total</b>	<u>\$ 6,748,974</u>	<u>\$ 7,015,385</u>

## Long-Term Liabilities



**CITY OF TAKOMA PARK, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2007**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The following are some highlights of the adopted budget for the fiscal year beginning July 1, 2007:

- The tax rate for real property was reduced from \$0.63 per \$100 of assessed valuation to \$0.61.
- Revenues from taxes and utility fees are expected to increase by approximately \$785,000, primarily due to the increase in the City's real property tax base, which accounts for approximately \$692,000 of this increase.
- Increase of full-time equivalent staffing of 1.6, which includes the addition of one crime analyst, the creation of one full-time position in both Recreation and Public Works by restructuring several part-time positions in each department, and an increase in the work hours for the coordinator of senior recreation programs.
- Lease of five police vehicles as part of the City's expanded take-home car program to enhance employee recruitment and retention.
- Increase in personnel expenses related to a 20 percent escalation in employee health insurance costs, as well as an increase in the contribution costs for the City's retirement plans.
- Anticipated use of \$1,513,213 of the General Fund fund balance to cover expenditures in excess of anticipated revenues.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact the City of Takoma Park Finance Department, 7500 Maple Avenue, Takoma Park, Maryland 20912.



## **BASIC FINANCIAL STATEMENTS**

**CITY OF TAKOMA PARK, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 809,435
Investments	7,335,813
Accounts receivable, net	251,088
Notes receivable, net	39,643
Due from other units of government	1,176,956
Other assets	46,990
Capital assets, net	
Non-depreciable	1,911,560
Depreciable	<u>21,521,486</u>
Total assets	<u>33,092,971</u>
<b>LIABILITIES</b>	
Accounts payable	1,096,543
Accrued liabilities	370,815
Deposits and escrows held	95,033
Due to other governments	174,259
Unearned revenue	49,342
Non-current liabilities:	
Due within one year	817,666
Due in more than one year	<u>5,931,308</u>
Total liabilities	<u>8,534,966</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	17,112,525
Restricted for:	
Emergency expenditures	349,188
Equipment replacement	977,913
Unrestricted	<u>6,118,379</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 24,558,005</u></u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF TAKOMA PARK, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2007**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b><u>Functions/Programs</u></b>				<b>Governmental Activities</b>
Governmental activities:				
General government	\$ 2,764,025	\$ 39,080	\$ -	\$ (2,724,945)
Public safety	5,214,230	181,219	3,356,378	(1,676,633)
Public works	4,526,174	840,248	-	(3,685,926)
Housing and community development	1,198,331	-	376,602	(290,269)
Recreation and culture	2,540,913	322,675	210,492	(2,007,746)
Interest on long-term debt	250,342	-	-	(250,342)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 16,494,015</b>	<b>\$ 1,383,222</b>	<b>\$ 3,943,472</b>	<b>\$ (10,635,861)</b>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				8,764,784
Intergovernmental / unrestricted				3,662,840
Other				6,063
Miscellaneous				173,999
Unrestricted investment earnings				359,342
Total general revenues and special items				12,967,028
<b>CHANGE IN NET ASSETS</b>				2,331,167
<b>NET ASSETS, BEGINNING OF YEAR - before retroactive capitalization of infrastructure assets.</b>				17,954,956
Capitalization of infrastructure assets				4,271,882
<b>NET ASSETS, END OF YEAR</b>				<b>\$ 24,558,005</b>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**CITY OF TAKOMA PARK, MARYLAND**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2007**

	<u>General Fund</u>	<u>Stormwater Management Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 631,834	\$ 177,601	\$ 809,435
Investments	7,335,813			7,335,813
Receivables, net				
Taxes	138,760			138,760
Notes	-		39,643	39,643
Other	82,394	29,911	-	112,305
Due from other funds	116,176	308	834,329	950,813
Due from other units of government	988,533		188,423	1,176,956
Other assets	46,990		-	46,990
<b>TOTAL ASSETS</b>	<u>\$ 8,708,666</u>	<u>\$ 662,053</u>	<u>\$ 1,239,996</u>	<u>\$ 10,610,715</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 641,882	\$ 73,114	\$ 381,547	\$ 1,096,543
Accrued expenses	300,473	1,027	1,864	303,364
Deposits and escrows held	80,034	6,814	8,185	95,033
Due to other funds	426,974	313,141	210,698	950,813
Due to other units of government	-		174,259	174,259
Deferred revenue	755,113	34,881	10,382	800,376
Compensated absences payable	99,526	-	-	99,526
Total liabilities	<u>2,304,002</u>	<u>428,977</u>	<u>786,935</u>	<u>3,519,914</u>
<b>FUND BALANCES</b>				
Reserved	1,327,101	6,814	406,900	1,740,815
Unreserved:				
Designated for:				
Subsequent years' expenditures	1,513,213			1,513,213
Undesignated	3,564,350	226,262		3,790,612
Undesignated: Community Center			46,161	46,161
Total fund balances	<u>6,404,664</u>	<u>233,076</u>	<u>453,061</u>	<u>7,090,801</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 8,708,666</u>	<u>\$ 662,053</u>	<u>\$ 1,239,996</u>	<u>\$ 10,610,715</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF TAKOMA PARK, MARYLAND**  
**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2007**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$ 7,090,801
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is \$36,603,624 and the accumulated depreciation is \$13,170,578.	23,433,046
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(6,649,448)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(67,429)
Certain receivables are offset by deferred revenue in the governmental funds since they are not available to pay for current-period expenditures. This is the amount of deferred revenue related to these receivables.	<u>751,035</u>
<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 24,558,005</u></u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF TAKOMA PARK, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

	<b>General Fund</b>	<b>Stormwater Management Fund</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes and utility fees	\$ 11,486,637	\$ -	\$ -	\$ 11,486,637
Licenses and permits	104,597	-	-	104,597
Fines and forfeitures	181,219	-	-	181,219
Use of money and property	359,342	-	-	359,342
Charges for services	741,738	367,134	-	1,108,872
Intergovernmental	4,567,120	-	908,062	5,475,182
Miscellaneous	161,677	12,564	-	174,241
Total revenues	<u>17,602,330</u>	<u>379,698</u>	<u>908,062</u>	<u>18,890,090</u>
<b>EXPENDITURES</b>				
General government	2,514,164	-	107,506	2,621,670
Public safety	4,850,419	-	187,249	5,037,668
Public works	3,409,998	206,766	148,461	3,765,225
Housing and community development	1,124,538	-	65,373	1,189,911
Recreation and culture	2,132,051	-	28,798	2,160,849
Capital outlay	1,587,298	91,296	350,557	2,029,151
Debt Service				
Principal	733,584	-	-	733,584
Interest	250,342	-	-	250,342
Total expenditures	<u>16,602,394</u>	<u>298,062</u>	<u>887,944</u>	<u>17,788,400</u>
Excess of revenues over expenditures before other financing sources	<u>999,936</u>	<u>81,636</u>	<u>20,118</u>	<u>1,101,690</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease	525,888	-	-	525,888
Proceeds from transfers in (out)	(1,656)	-	1,656	-
Total other financing sources (uses)	<u>524,232</u>	<u>-</u>	<u>1,656</u>	<u>525,888</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,524,168	81,636	21,774	1,627,578
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>4,880,496</u>	<u>151,440</u>	<u>431,287</u>	<u>5,463,223</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 6,404,664</u>	<u>\$ 233,076</u>	<u>\$ 453,061</u>	<u>\$ 7,090,801</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF TAKOMA PARK, MARYLAND**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES FUND BALANCES OF THE GOVERNMENT FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2007**

<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 1,627,578</b>
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt provides current financial resources to governmental funds; however it is not reported as revenue in the statement of activities.	(525,888)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay \$1,460,795 exceeds depreciation expense \$(912,656) in the period.	548,139
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid within one year). This year, vacation leave used exceeded amounts earned by \$33,112.	33,112
Long-term debt repayments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of long-term debt repayments for fiscal year 2007.	733,584
Interest expense in the statement of activities differs from the amount reported in governmental funds due to the net increase in accrued interest.	(11,644)
Net pension obligation is not an expenditure in the governmental funds until paid, whereas they are expensed in the statement of activities when occurred.	(9,049)
Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance current expenditures. Accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in "unavailable" revenues at the end of the year over the amount at the beginning of the year.	(64,665)
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL FUNDS</b>	<b>\$ 2,331,167</b>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF TAKOMA PARK, MARYLAND**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**BUDGETARY AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes and utility fees	\$ 10,899,792	\$ 10,899,792	\$ 11,486,637	\$ 586,845
Licenses and permits	56,754	56,754	104,597	47,843
Fines and forfeitures	175,000	175,000	181,219	6,219
Use of money and property	110,000	110,000	359,342	249,342
Charges for services	700,600	700,600	741,738	41,138
Intergovernmental	4,478,646	4,478,646	4,567,120	88,474
Miscellaneous	<u>314,800</u>	<u>88,300</u>	<u>161,677</u>	<u>73,377</u>
Total revenues	<u>16,735,592</u>	<u>16,509,092</u>	<u>17,602,330</u>	<u>1,093,238</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,309,349	3,276,474	2,514,164	762,310
Public safety	5,006,654	5,006,654	4,850,419	156,235
Public works	3,507,759	3,507,759	3,409,998	97,761
Housing and community development	1,349,500	1,361,375	1,124,538	236,837
Recreation and culture	2,416,845	2,416,845	2,132,051	284,794
Capital outlay	1,265,674	1,301,015	1,587,298	(286,283)
Debt service	<u>871,313</u>	<u>1,055,193</u>	<u>983,926</u>	<u>71,267</u>
Total expenditures	<u>17,727,094</u>	<u>17,925,315</u>	<u>16,602,394</u>	<u>1,322,921</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(991,502)</u>	<u>(1,416,223)</u>	<u>999,936</u>	<u>2,416,159</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease	-	-	525,888	525,888
Proceeds from transfers in/(out)	<u>(231,139)</u>	<u>(185,881)</u>	<u>(1,656)</u>	<u>184,225</u>
Total other financing sources (uses)	<u>(231,139)</u>	<u>(185,881)</u>	<u>524,232</u>	<u>710,113</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,222,641)</u>	<u>(1,602,104)</u>	<u>1,524,168</u>	<u>3,126,272</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>4,880,496</u>	<u>4,880,496</u>	<u>4,880,496</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,657,855</u>	<u>\$ 3,278,392</u>	<u>\$ 6,404,664</u>	<u>\$ 3,126,272</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.



**CITY OF TAKOMA PARK, MARYLAND  
STORMWATER MANAGEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGETARY AND ACTUAL  
For the Fiscal Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 376,000	\$ 376,000	\$ 367,134	\$ (8,866)
Miscellaneous	<u>500</u>	<u>500</u>	<u>12,564</u>	<u>12,064</u>
Total revenues	<u>376,500</u>	<u>376,500</u>	<u>379,698</u>	<u>3,198</u>
<b>EXPENDITURES</b>				
Public works	249,198	249,198	206,766	(42,432)
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>91,296</u>	<u>(8,704)</u>
Total expenditures	<u>349,198</u>	<u>349,198</u>	<u>298,062</u>	<u>(51,136)</u>
Excess of revenues over expenditures before other financing sources	<u>27,302</u>	<u>27,302</u>	<u>81,636</u>	<u>54,334</u>
<b>NET CHANGE IN FUND BALANCE</b>	27,302	27,302	81,636	54,334
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>151,440</u>	<u>151,440</u>	<u>151,440</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 178,742</u>	<u>\$ 178,742</u>	<u>\$ 233,076</u>	<u>\$ 54,334</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements

**CITY OF TAKOMA PARK, MARYLAND**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**June 30, 2007**

**ASSETS**

Cash and cash equivalents	\$ 113,132
Investments, at fair value:	
Domestic equities	2,784,212
Corporate bonds	1,469,152
International equities	21,247
Total investments	<u>4,274,611</u>

**TOTAL ASSETS**

\$ 4,387,743

**NET ASSETS**

Held in trust for pension benefits	<u>\$ 4,387,743</u>
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These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements

**CITY OF TAKOMA PARK, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**For the Fiscal Year Ended June 30, 2007**

**ADDITIONS**

Employer contributions	\$ 637,288
Plan member contributions	142,520
Total contributions	<u>779,808</u>
Investment income	563,276
Less investment expenses	5,856
Net investment income	<u>557,420</u>
Total additions	<u>1,337,228</u>

**DEDUCTIONS**

Benefit and refunds paid	361,033
Administrative expenses	<u>44,168</u>
Total deductions	<u>405,201</u>

<b>CHANGE IN NET ASSETS</b>	932,027
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<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR</b>	<u>3,455,716</u>
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<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR</b>	<u><u>\$ 4,387,743</u></u>
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These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements

**CITY OF TAKOMA PARK, MARYLAND**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2007**

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. A summary of significant accounting policies followed by the City are presented below.

**REPORTING ENTITY**

The City of Takoma Park, Maryland (the City) was incorporated in 1890 with its legal authority derived from Chapter 310, Section 2 of the Annotated Code of Maryland. The City is to be construed to mean both the City and its inhabitants. Since inception, the City has operated under the Council-Manager form of government. Services provided include refuse, streets and drainage, recreation and parks, police, planning and zoning, community development, and housing services.

For financial reporting purposes, in conformance with accounting principles generally accepted in the United States of America, the reporting entity includes the Mayor and City Council, the primary government and the following fiduciary funds.

City of Takoma Park Public Safety Employees Pension Plan (Pension Trust)  
City of Takoma Park Employees 401(a) Plan (Defined Contribution Plan)

The City has no component units as defined by generally accepted accounting principles.

Additional information and actuarial reports for the pension plan and additional plan information for the 401(a) plan may be obtained from the City Clerk's office, 7500 Maple Avenue, Takoma Park, Maryland 20912.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Changes in Net Assets report information on all of the non-fiduciary activities of the City. Eliminations have been made to remove the effect of interfund activity from these statements. Governmental activities are those which are supported by taxes and intergovernmental revenues, whereas business-type activities are those supported through customer service charges. The City does not have any business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those specifically associated with a program or function. Program revenues include charges for services and grants and contributions restricted to the capital or operational requirements of specific programs or functions. Revenues that are not classified as program revenues, such as taxes, are reported as general revenues.

Separate financial statements are shown for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**CITY OF TAKOMA PARK, MARYLAND**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2007**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The accounting and financial reporting is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized in the year of levy and grants are recognized when all eligibility requirements are met. For pension trust funds, employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Governmental fund statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of the transaction that can be determined and available means collected within 60 days of the year-end. Expenditures are recorded when the related liability is incurred as in the accrual basis of accounting. However, principal and interest on long-term debt and expenditures for compensated absences are recorded when the payments are due.

Those revenues susceptible to accrual are property taxes, taxes collected by the state and county on behalf of the City, franchise taxes, revenues from other agencies, interest revenue and charges for services. Fines and forfeitures, licenses, permits, penalties and interest (on property taxes) and other revenues become measurable and available when cash is received by the City and are recognized as revenue at that time.

The City has two major governmental funds: the General and the Stormwater Management Funds. The General Fund accounts for the normal recurring activities of the City such as police, public works, recreation and parks, general government, etc. These activities are financed primarily by property taxes, other taxes, service charges and grants from other governmental units. The Stormwater Management Fund was established to track the financial activity related to construction of the City's storm water management facilities.

The effect of interfund activity has been eliminated from the government-wide financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**CITY OF TAKOMA PARK, MARYLAND**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2007**

**ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

**Cash Equivalents and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months at the time of purchase. Cash deposits of the City are made in accordance with the Annotated Code of Maryland (the Code), which requires depositories to give security in the form of collateral as provided for in the Code, for the safekeeping of these deposits.

Excess funds are also permitted to be invested either in bonds or other obligations for the payment of principal and interest of which the full faith and credit of the United States of America are pledged, obligations of federal government agencies issued pursuant to acts of Congress, or in the local government investment pool created by the State of Maryland. The pension Trust Funds are also authorized to invest in corporate bonds and notes, preferred stocks and common stocks. Investments are reported at fair value. Net assets available for benefits used to calculate the unfunded pension obligation in the Pension Trust Funds are also reported at fair value.

**Receivables and Payables**

Property taxes are reported at their estimated collectible value. The following summarizes the property tax calendar:

	<b>Real Property</b>	<b>Personal and Corporate</b>
Assessment roll validated:	Dec. 31	Jan. 1
Tax rate ordinance approved:	June 30	June 30
Beginning of fiscal year for which taxes have been levied:	July 1	July 1
Tax bills rendered and due:	July 1	On County bill
Owner-occupied residential:	July 1 and Jan. 1	July 1 and Jan. 1
Property taxes payable:		
Delinquent	Oct. 1, Jan. 1	After 30 days
Terms	60 days	30 days
Delinquent interest, per month	1%	1%

Information presented is for a "full year" levy. "Half year" levy dates are each six months later, and relate to new construction in the first six months of the calendar year. A lien is attached to property on the billing date and sold at tax sale by the end of 18 months.

Allowances for uncollectible accounts are maintained on all types of receivables that historically experience bad debt. Receivables are shown net of such an allowance for uncollectibles. Real property taxes are generally fully collectible.

**CITY OF TAKOMA PARK, MARYLAND**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2007**

**ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)**

**Capital Assets**

Capital assets, which include property, plant and equipment and infrastructure such as roads, storm drains and pipe systems, are reported in the governmental fund in the government-wide financial statements. In accordance with GASB 34 the City has included infrastructure. The City defines capital assets as those which have an individual acquisition cost or donated value of at least \$5,000 except for infrastructure which is \$100,000 and an estimated useful life of three years or more. Such assets are valued at historical or estimated historical cost if actual is not available. Donated assets are stated at their donated value at the date of donation. The cost of normal maintenance and repairs that do not add value or extend asset lives are not capitalized.

Expenditures for major assets and improvements are capitalized as the assets are acquired or constructed. Interest on debt during the construction period is capitalized. Exhaustible capital assets are depreciated, which is charged as an expense against their operations. Accumulated depreciation is reported in the Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows

Buildings	20 - 40 years
Improvements other than buildings	25 - 50 years
Equipment	4 - 10 years
Infrastructure	25 - 50 years

**Long-term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. In the governmental fund financial statements, the face amount of newly issued debt is reported as other financing sources and the amount of principal repayment is reported as an expenditure.

**Compensated Absences**

Vested or accumulated vacation is accrued when earned by employees and a liability is recorded in the government-wide financial statements. No liability is recorded for nonvesting accumulated rights to receive sick pay benefits as the City does not pay these amounts when employees separate from service.

The City pays all outstanding vacation leave at separation. The accrual is included in "non-current liabilities" in the government-wide statements and is \$393,104. A liability for vacation pay is recorded in the governmental fund financial statements only if they are due and payable.

**CITY OF TAKOMA PARK, MARYLAND**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2007**

**ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)**

**Net Assets/Fund Equity**

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as invested in capital (net of related debt), restricted and unrestricted.

- *Invested in capital assets, net of related debt* - This category groups all capital assets including infrastructure into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted net assets* - This category presents external restrictions imposed by creditors, grantors or laws and regulations of other governments.
- *Unrestricted net assets* - This category presents the net assets of the City not included elsewhere.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent management's tentative plans for their usage. These plans are subject to change.



**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The budget ordinance becomes effective July 1 and provides spending authority for the operations of the City Government.
3. In compliance with the City Charter, an amount (not less than 2% of total budgeted revenue) is included as part of the proposed expenditures as unappropriated reserves. The account is maintained to meet extraordinary or unanticipated expenditures as directed by the Council.
4. Subsequent to passage of the budget ordinance, the City Council may approve supplemental expenditures.
5. At the end of the fiscal year, unencumbered appropriations lapse.
6. The annual budgets for the General, Stormwater Management, Community Center, and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary control is maintained at the fund level.
7. The budget information presented in the accompanying basic financial statements includes all budget ordinances and amendments as approved by the Mayor and City Council for the fiscal year ending June 30, 2007.

**Reconciliation of Government-wide Statement of Net Assets  
and Governmental Fund Balance Sheet**

The government-wide statements include a reconciliation between *fund balance – total governmental funds* and *net asset – governmental activities* as reported in the government-wide Statement of Net Assets. One aspect of that reconciliation is long-term liabilities. Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due. All liabilities, both current and long-term are reported in the Statement of Net Assets.

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 2 – CASH AND INVESTMENTS**

**A. Cash on Hand**

At year-end, cash on hand for petty cash and change funds was \$1,376.

**B. Deposits**

At year-end, the carrying amount of the City of Takoma Park (the City) deposits was \$808,059 and the corresponding bank balances were \$631,450. Of the bank balance, \$100,000 was covered by Federal Depository Insurance and \$531,450 was covered by collateral held in the pledging bank's trust department in the City's name. The City was not exposed to custodial credit risk as of June 30, 2007. The City has a contractual arrangement with the bank for funds to be transferred daily from investment in a repurchase agreement to cover checks as presented.

**C. Investments**

At June 30, 2007, the City's investment balances by type were as follows:

	<b>Fair Value</b>	<b>Investment Maturities (in Year)</b>		
		<b>Less than 1</b>	<b>1-5</b>	<b>More than 5</b>
Repurchase agreements	1,625,615	\$ 1,625,615	\$ -	\$ -
Maryland Local Government Investment Pool	4,246,728	4,246,728	-	-
Money Market Mutual Funds*	113,132	113,132	-	-
Domestic Equities*	2,784,212	-	-	2,784,212
Corporate Bonds*	1,469,152	-	-	1,469,152
U.S. Government Agency Bonds	1,463,470	-	1,463,470	-
International Funds*	21,247	-	-	21,247
<b>Total investments</b>	<b><u>\$ 11,723,556</u></b>	<b><u>\$ 5,985,475</u></b>	<b><u>\$ 1,463,470</u></b>	<b><u>\$ 4,274,611</u></b>

\* Included in Fiduciary Funds.

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 2 – CASH AND INVESTMENTS (CONTINUED)**

**D. Reconciliation of cash and investments as shown on the Statement of Net Assets:**

Cash on hand	\$ 1,376
Carrying amount of deposits	808,059
Carrying amount of investments	<u>11,723,556</u>
Total cash and investments	12,532,991
Less amounts in fiduciary funds	<u>4,387,743</u>
<b>Total cash and investments per Statement of Net Assets</b>	<b><u>\$ 8,145,248</u></b>
Cash and cash equivalents	\$ 809,435
Investments	<u>7,335,813</u>
<b>Total cash and investments per Statement of Net Assets</b>	<b><u>\$ 8,145,248</u></b>

*Investment rate risk*

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. To limit the City's exposure to fair value losses arising from increasing interest rates, the City's investment policy limits the term of investment maturities except in the fiduciary funds, for which longer term maturities are allowed to match the cash flow of liabilities. City's management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the City from having to sell investments below original cost for that purpose. The investments at June 30, 2007 met the City's investment policy as of that date.

Investment income includes the following for the year ended June 30, 2007:

<b>Total net investment income per Statement of Activities</b>	<b><u>\$ 359,342</u></b>
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*Credit Risk*

The City invests in the Maryland Local Government Investment Pool (MLGIP) which is under the administration of the State Treasurer. The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is rated AAAM by Standard & Poors, its highest rating for money market mutual funds. The MLGIP seeks to maintain a constant value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. The City's investments were \$1,625,615 in repurchase agreements, \$4,246,728 in MLGIP and \$5,851,213 in direct securities. At June 30, 2007, all of the City's investments were insured or registered, or for which the securities were held by the City or its agent in the City's name or were invested in the MLGIP.

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 3 – PROPERTY TAXES**

Real and personal property taxes are levied at rates enacted by the Mayor and Council in the annual budget ordinance on the assessed value of the property as determined by the Maryland State Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings.

The real and personal property tax rate for fiscal year 2007 was \$0.63 per \$100 and \$1.575 per \$100, respectively, of assessed value. The City charges taxpayers interest (at the rate of 2/3 of 1% per month) and penalties (at the rate of 1% per month) on all overdue taxes.

Property tax revenues are recognized in the year levied and when they become available, including amounts expected to be collected soon enough after the end of the year to be used to pay liabilities of the current period (estimated by the City as 60 days). At June 30, 2007 taxes receivable, net of an allowance for uncollectibles of \$173,742 amounted to \$138,760.

**NOTE 4 – NOTES RECEIVABLES, NET**

Notes receivable recorded in the non-major funds consist mainly of below market interest rate loans made to City homeowners of low and moderate income through the rehabilitation loan and grant program, for the purpose of conforming their homes to locally adopted codes. These notes are amortized over periods in excess of one year and, therefore, a reservation of fund balance has been provided to reflect the non-current nature of these receivables (see Note 10). At June 30, 2007, notes receivable – Rehabilitation Fund, net of allowances for uncollectibles of \$2,233 amounted to \$39,643.

**NOTE 5 – DEFERRED/UNEARNED REVENUES**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Income taxes, General Fund	\$ 590,344	\$ -	\$ 590,344
Property taxes receivable, General Fund	65,237	-	65,237
Charges for services, General Fund	60,573	-	60,573
Stormwater receivable, non-major funds	34,881	-	34,881
Grant funds in excess of expenditures			
General Fund	-	38,960	38,960
Special Revenue Fund	<u>-</u>	<u>10,382</u>	<u>10,382</u>
<b>Total</b>	<u>\$ 751,035</u>	<u>\$ 49,342</u>	<u>\$ 800,377</u>

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS**

The General Fund periodically advances funds to the Special Revenue Fund and the Community Center Fund to cover operating cash deficits. In addition, transfers are used to move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

During the year ended June 30, 2007, transfers were made to the Special Revenue Fund in the amount of \$1,656 to provide the required matching funds for federal grants.

The balances at June 30, 2007 of individual fund interfund borrowings were as follows:

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
General Fund	\$ 116,176	\$ 426,974
Stormwater Management Fund	308	313,141
	<u>116,484</u>	<u>740,115</u>
Non-major funds:		
Community Center	528,805	207,356
Rehabilitation Loans and Grants	-	3,342
Special Revenue	305,524	-
	<u>834,329</u>	<u>210,698</u>
<b>Total</b>	<u><u>\$950,813</u></u>	<u><u>\$950,813</u></u>

**NOTE 7 – DUE FROM OTHER GOVERNMENTS**

The June 30, 2007 balance of due from other governments is as follows:

State of Maryland:	
Income tax	\$ 147,091
Income tax reserve	590,344
Highway user tax	133,584
Montgomery County - grants	107,237
Other	<u>198,700</u>
<b>Total</b>	<u><u>\$ 1,176,956</u></u>

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 8 – CAPITAL ASSETS AND OTHER PROPERTY**

A summary of changes in capital assets during fiscal year 2007 follows:

	<b>Balance June 30, 2006</b>	<b>Infrastructure GASB 34</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deletions</b>	<b>Balance June 30, 2007</b>
Capital assets (not being depreciated)						
Land	\$ 1,601,538	\$ -	\$ -	\$ (24,906)	\$ -	\$ 1,576,632
Construction in progress	14,059,782	-	334,928	(14,059,782)	-	334,928
Total non-depreciable capital assets	<u>15,661,320</u>	<u>-</u>	<u>334,928</u>	<u>(14,084,688)</u>	<u>-</u>	<u>1,911,560</u>
Capital assets (being depreciated)						
Buildings	2,974,641	-	23,000	11,233,157	-	14,230,798
Improvements other than buildings	1,149,382	-	26,600	-	-	1,175,982
Equipment	3,292,306	-	1,076,267	(92,622)	(133,236)	4,142,715
Infrastructure	-	12,198,416	-	2,944,153	-	15,142,569
Total depreciable capital assets	<u>7,416,329</u>	<u>12,198,416</u>	<u>1,125,867</u>	<u>14,084,688</u>	<u>(133,236)</u>	<u>34,692,064</u>
Total assets at cost	<u>23,077,649</u>	<u>12,198,416</u>	<u>1,460,795</u>	<u>-</u>	<u>(133,236)</u>	<u>36,603,624</u>
Less – accumulated depreciation for:						
Buildings	(1,855,255)	-	(137,905)	-	-	(1,993,160)
Improvements other than buildings	(663,460)	-	(43,676)	-	-	(707,136)
Equipment	(1,945,909)	-	(270,687)	-	133,236	(2,083,360)
Infrastructure	-	(7,926,534)	(460,388)	-	-	(8,386,922)
Total accumulated depreciation	<u>(4,464,624)</u>	<u>(7,926,534)</u>	<u>(912,656)</u>	<u>-</u>	<u>133,236</u>	<u>(13,170,578)</u>
<b>Total capital assets</b>	<u>\$ 18,613,025</u>	<u>\$ 4,271,882</u>	<u>\$ 548,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,433,046</u>

Depreciation expense was charged to function/programs in governmental activities as follows:

General government	\$ 111,646
Public safety	115,014
Public works	640,860
Recreation and culture	<u>45,136</u>
	<u>\$ 912,656</u>

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 9 – NON-CURRENT LIABILITIES**

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2007:

	<u>Balance June 30, 2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2007</u>	<u>Due Within One Year</u>	<u>Coupon Interest Rate</u>	<u>Date of Maturity</u>
Notes payable:							
Long-term note – Maryland Industrial and Commercial Redevelopment Fund (MICRF)	\$ 22,260	\$ -	\$ (5,000)	\$ 17,260	\$ 5,000	0.00%	February 2011
Loan payable – Montgomery County	155,000	-	(50,000)	105,000	50,000	0.00%	June 2009
Other long-term liabilities:							
Bonds payable	196,666	-	(20,166)	176,500	20,167	5.98%	September 2007
Bonds payable	1,757,000	-	(78,400)	1,678,600	81,900	4.80%	May 2022
Bonds payable	1,696,538	-	(308,461)	1,388,077	308,462	3.34%	July 2011
Bonds payable	2,508,000	-	(94,500)	2,413,500	97,500	4.45%	May 2025
Capital lease payable	190,461	-	(55,837)	134,624	62,839	4.24%	September 2009
Capital lease payable	2,292	-	(2,292)	-	-	4.24%	September 2006
Capital lease payable	-	\$ 525,888	( 118,928)	406,960	92,272	4.24%	December 2011
Net pension obligation	26,300	9,049	-	35,349	-		
Accrued obligations for compensated absences	<u>460,868</u>	<u>-</u>	<u>(67,764)</u>	<u>393,104</u>	<u>99,526</u>		
<b>Total non-current liabilities</b>	<u>\$ 7,015,385</u>	<u>\$ 534,937</u>	<u>\$ (801,348)</u>	<u>\$ 6,748,974</u>	<u>\$ 817,666</u>		

**A. Notes and Bonds**

On February 3, 2003, the City and State renegotiated the remaining balance of a MICRF loan. Under the new terms, the loan has a 0.0% interest rate and matures in February 2011. The principal is to be repaid in eight annual installments of \$5,000 and one final payment of \$2,260.

<u>Fiscal Years</u>	<u>Principal</u>
2008	\$ 5,000
2009	5,000
2010	5,000
2011	<u>2,260</u>
<b>Total</b>	<u>\$ 17,260</u>

The City entered into a Memorandum of Understanding Agreement with Montgomery County, Maryland during fiscal year 2000 related to certain infrastructure repair work in the area of Pinecrest. Under this agreement, the County made an interest free loan to the City in the amount of \$455,000 to be used for the infrastructure repair work. As repayment by the County, the County will reduce its annual Municipal Tax Duplication payments to the City for a period of nine years beginning in fiscal year 2000.

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 9 – NON-CURRENT LIABILITIES (CONTINUED)**

The reductions will be made as follows:

<u>Fiscal Years</u>	
2008	\$ 50,000
2009	<u>55,000</u>
<b>Total</b>	<u><u>\$ 105,000</u></u>

In 1995, the City borrowed \$315,000 to purchase property located in Takoma Junction. The original loan was refinanced in 1998. In 2005, the maturity date of the loan was extended until September 15, 2007. The extension provided for an annual payment of \$20,167 at an interest rate of 6.00% with a balloon payment due at maturity.

The annual installments for the repayment of the loan as of June 30, 2007 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 20,167	\$ 11,592	\$ 31,759
2009	<u>156,333</u>	<u>11,065</u>	<u>167,398</u>
<b>Total</b>	<u><u>\$ 176,500</u></u>	<u><u>\$ 22,657</u></u>	<u><u>\$ 199,157</u></u>

On April 16, 2002, the City participated in a bond issuance with the Maryland Department of Housing and Community Development in the amount of \$2,048,700 to be used for the construction of a community center. The principal is to be repaid in variable amounts increasing each year until bond is paid. Principal payment is based on variable interest rate. The interest rate at June 30, 2007 was 4.80%.

The annual installments for the repayment of the bond as of June 30, 2007 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 81,900	\$ 73,390	\$ 155,290
2009	85,300	70,523	155,823
2010	87,100	67,367	154,467
2011	92,500	64,014	156,514
2012	96,500	60,360	156,860
2013 – 2017	545,100	238,111	783,211
2018 – 2022	<u>690,200</u>	<u>101,847</u>	<u>792,047</u>
<b>Total</b>	<u><u>\$ 1,678,600</u></u>	<u><u>\$ 675,612</u></u>	<u><u>\$ 2,354,212</u></u>



**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 9 – NON-CURRENT LIABILITIES (CONTINUED)**

On July 15, 2004 the City issued bonds in the amount of \$2,005,000 to be used for street improvement construction projects. The principal is to be repaid with semi-annual payments of \$154,231 at a 3.34% interest rate.

The annual installments for the repayment of the bond as of June 30, 2007 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 308,462	\$ 43,783	\$ 352,245
2009	308,462	33,484	341,946
2010	308,462	23,481	331,943
2011	308,462	12,878	321,340
2012	<u>154,229</u>	<u>2,576</u>	<u>156,805</u>
<b>Total</b>	<b><u>\$ 1,388,077</u></b>	<b><u>\$ 116,202</u></b>	<b><u>\$ 1,504,279</u></b>

On May 26, 2005 the City issued bonds in the amount of \$2,600,000 to be used for the community center construction project. The principal is to be repaid in variable amounts, increasing each year until the bond is paid. Principal payment is based on variable interest rates. The interest rate at June 30, 2007 was 4.45%.

The annual installments for the repayment of the bond as of June 30, 2007 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 97,500	\$ 102,100	\$ 199,600
2009	100,500	98,248	198,748
2010	103,500	94,278	197,778
2011	107,000	90,190	197,190
2012	110,500	85,696	196,196
2013 – 2017	616,500	355,420	971,920
2018 – 2022	748,500	215,455	963,955
2023 – 2025	<u>529,500</u>	<u>47,793</u>	<u>577,293</u>
<b>Total</b>	<b><u>\$ 2,413,500</u></b>	<b><u>\$ 1,089,180</u></b>	<b><u>\$ 3,502,680</u></b>

**B. Capital Lease**

The City has entered into two capital lease agreements for the purchase of equipment. The equipment underlying these agreements is police equipment with an original cost of \$786,960. The minimum lease payments as of June 30, 2007 are as follows:

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 9 – NON-CURRENT LIABILITIES (CONTINUED)**

<u>Fiscal Year</u>	<u>Police Equipment</u>
2008	181,767
2009	181,767
2010	134,640
2011	<u>118,928</u>
Total payments	617,102
Interest portion	<u>(75,518)</u>
<b>Present value of lease payments</b>	<u><u>\$ 541,584</u></u>

**NOTE 10 – FUND BALANCES**

The fund balance of the governmental funds is reserved for the following:

	<u>General Fund</u>	<u>Stormwater Management Fund</u>	<u>Non-major Funds</u>
Notes receivable	\$ -	\$ -	\$ 39,643
Emergency assistance	-	6,814	-
Equipment replacement	977,913	-	-
Emergency	349,188	-	-
Capital expenditures	-	-	367,257
<b>Total</b>	<u><u>\$ 1,327,101</u></u>	<u><u>\$ 6,814</u></u>	<u><u>\$ 406,900</u></u>

The City has reserved \$977,913 and \$349,188 at June 30, 2007 for equipment replacement and emergency, respectively, in compliance with the City Charter. The Charter requires a reservation for replacement of major pieces of equipment whose cost is a minimum of 5% of annual General Fund revenues. The Charter also requires a minimum reservation of \$250,000 to cover emergencies, plus a percentage increase each year, equal to the percentage increase in the Consumer Price Index. Amounts are to be used for future equipment replacement and emergencies as deemed necessary by the Mayor and City Council. The City has reserved \$367,257 for cable equipment expenditures.

The fund balance of the Non-major - Rehabilitation Fund is reserved for the non-current nature of notes receivable in the amount of \$39,643.

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 10 – FUND BALANCES (CONTINUED)**

The emergency assistance fund was established by the City Council in fiscal year 2001. The purpose of the Fund is to provide financial assistance to the City residents for temporary housing, medical assistance, utility payments, food, clothing, etc. At June 30, 2007, the balance of the fund was \$6,814.

**NOTE 11 – RETIREMENT PLANS**

**A. Description of Plans**

The State of Maryland identifies multiple-employer defined benefit pension plans as cost-sharing plans.

On October 1, 1941, the Employees' Retirement System of the State of Maryland was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System was established.

The Employees Pension System of the State of Maryland (Pension System) was established January 1, 1980. The Pension System covers employees hired after December 31, 1979, as well as Retirement System participants who have voluntarily joined the Pension System. The Employees Contributory Pension System of the State of Maryland (Contributory Pension System) was established July 1, 1998. As of July 1, 1999, and retroactively to July 1, 1998, the City elected to participate in the Contributory Pension System for all service earned on or after July 1, 1998.

Under the terms of the Retirement System, a member may retire with full benefits upon attaining age 60 or after completing 30 years of eligible service regardless of age. A member may retire with reduced benefits prior to attaining age 60 after completing 25 years of eligible service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested retirement allowance upon age 60.

Under the terms of the Contributory Pension System, a member may retire after 30 years of service regardless of age; at age 65 with two years of service; at age 64 with three years of service; at age 63 with four years of service; or at age 62 with at least five years of service. An employee may also take early retirement with reduced benefits at age 55 with 15 years of service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 62.

On retirement from service, a member of any of these plans shall receive an annual service retirement allowance based on the member's average final compensation and years of creditable service multiplied by a factor. This factor varies from 1.2% to 2.0% per eligible service year, depending on employee/employer contributions and other plan-specific provisions. Early retirement, where available, is subject to provisions that reduce the benefit received.

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 11 – RETIREMENT PLANS (CONTINUED)**

**A. Description of Plans (Continued)**

Benefits under the two plans are established under the State Personnel and Pensions Article of the Annotated Code of Maryland.

The State Retirement and Pension System of Maryland issues a comprehensive annual financial report that includes disclosures regarding: actuarial value of assets; total actuarial accrued liability; unfunded actuarial accrued liability, if any; and funded liability ratio. This report can be obtained from the agency's office as follows:

State Retirement and Pension System of Maryland  
120 E. Baltimore Street, Suite 1601  
Baltimore, Maryland 21202-1600

*Funding Policy*

Obligations to contribute to the plans are under the Annotated Code of Maryland. Members of the three plans contribute a percentage of their gross employee compensation. For the Retirement System and Contributory Pension System, members contribute 7 percent, 2 percent and 3 percent. Contributions to the Contributory Pension System will increase to 4 percent for fiscal year 2008 and 5 percent for each fiscal year thereafter.

Required contributions under the plans that are not funded by employee contributions but are funded entirely by the City. Contributions by the City to all three State plans take place during the fiscal year and are based upon salaries for the preceding fiscal year. The City contributions for the year ending June 30, 2007 are based on salaries for the year ending June 30, 2006. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees. The required and actual contributions for the fiscal years ending June 30<sup>th</sup> were as follows:

	<b>Fiscal Year Ending June 30</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Retirement plan contributions	<u>\$ 397,396</u>	<u>\$ 322,558</u>	<u>\$ 344,319</u>

**B. Public Safety Employee Pension Plan**

*General*

This Pension Plan is a single-employer contributory defined benefit pension plan established by City ordinance. The plan is governed by the City of Takoma Park which is responsible for the management of plan assets. The City has delegated the authority to manage plan assets to PNC Institutional Investments, formerly Mercantile - Safe Deposit & Trust Company.

*Basis of Accounting*

The Plan's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that contributions are due.

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 11 – RETIREMENT COMMITMENTS (CONTINUED)**

**B. Public Safety Employee Pension Plan (Continued)**

*Method Used to Value Investments*

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated values.

*Plan Membership*

As of July 1, 2007, the pension plan's membership consisted of:

Active employees	40
Retirees and beneficiaries currently receiving benefits	14
Terminated employees entitled to benefits but not yet receiving them	<u>1</u>
<b>Total</b>	<u><u>55</u></u>

**Contribution Information and Funding Policy**

The Plan covers sworn police officers who are employed on a regular full-time basis. Provisions of the Plan include retirement, disability and death benefits to plan members and their beneficiaries. Cost of living adjustments are provided annually as prescribed by the City Code.

Contributions to the Plan made by the City are based on an actuarially determined rate. The police officers contribute to the Plan based on 7% of salaries. Member's actual contributions were \$142,520 at June 30, 2007. Administrative costs are financed through investment earnings.

The contribution requirements of the City are established and may be amended by the City Council. The actuarially required contribution rate and the amount paid into the Plan for the year ended June 30, 2007 was \$611,405.

**Annual Pension Cost and Net Pension Obligation**

The City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 611,405
Interest on NPO	<u>9,049</u>
Annual pension cost	620,454
Contributions made	<u>(611,405)</u>
Increase in net pension obligation	9,049
Net pension obligation, beginning of year	<u>26,300</u>
<b>Net pension obligation, end of year</b>	<u><u>\$ 35,349</u></u>

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 11 – RETIREMENT COMMITMENTS (CONTINUED)**

**B. Public Safety Employee Pension Plan (Continued)**

**Annual Pension Cost and Net Pension Obligation (Continued)**

The annual pension cost for 2007, 2006, and 2005 was \$620,454, \$542,411 and \$344,319, respectively. The annual required contribution for the current year was determined as part of the actuarial valuation on July 1, 2006 using the projected unit credit method. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses) and (b) projected salary increases at 5.5% compounded annually per year. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of assets was determined using the market value method. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on an open basis. The remaining amortization period at June 30, 2001 was 20 years, which is reestablished each year.

**C. 457 Deferred Compensation Plan**

All employees of the City Government may participate in the deferred compensation plan organized under the Internal Revenue Code Section 457, and administered by International City Management Association Retirement Corporation (“ICMA-RC”). Under the terms of the plan, participating employees may have a portion of their salaries withheld, subject to limitations imposed by the Internal Revenue Service, and invested in the plan. All taxes are deferred on these contributions and related earnings until the participant terminates from the plan. The City is in compliance with the Internal Revenue Code Section 457(g) requiring all assets and income of the plan to be held in trust for the exclusive benefit of participants and their beneficiaries. Management’s involvement with the plan is limited to transferring amounts withheld from payroll to the Plan Administrator. Management has little administrative involvement with the plan and does not perform the investing function for the plan. Accordingly, the fair values of the plan assets are not reflected in the City’s financial statements.

**D. Defined Contribution**

The City of Takoma Park Governmental Money Purchase Plan & Trust is a defined contribution pension plan established to provide benefits to certain employees. At June 30, 2007, there was one active plan participant. The City is required to contribute 7% of the participant’s monthly contributed compensation, which averages \$678 per month. Plan provisions and contribution requirements are established and may be amended by the City of Takoma Park Council. The City’s contribution to the plan for the year ended June 30, 2007 was \$25,883, which includes the final contribution of \$5,000 for a participant who retired in fiscal year 2007.

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 11 – RETIREMENT COMMITMENTS (CONTINUED)**

**E. Condensed Financial Information**

**CONDENSED FINANCIAL INFORMATION**

	<u>Pension Trust</u>	<u>Defined Contribution Plan</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 113,132	\$ -	\$ 113,132
Total investments	4,174,332	100,279	4,274,611
<b>TOTAL ASSETS</b>	<b>4,287,464</b>	<b>100,279</b>	<b>4,387,743</b>
NET ASSETS - Held in trust for pension benefits	4,287,464	100,279	4,387,743
Total contributions	753,925	25,883	779,808
Net investment income	546,410	11,010	557,420
Total additions	1,300,335	36,893	1,337,228
Total deductions	384,010	21,191	405,201
<b>CHANGE IN NET ASSETS</b>	<b>916,325</b>	<b>15,702</b>	<b>932,027</b>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	3,371,139	84,577	3,455,716
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	\$ 4,287,464	\$ 100,279	\$ 4,387,743

**NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES**

The City participates in certain federally-assisted grant programs, the principal of which are Community Development Block Grants. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial which has been the case in previous program audits.

**NOTE 13 – POST RETIREMENT BENEFITS**

The City does not provide and has no liability for post-retirement benefits at June 30, 2007.

**CITY OF TAKOMA PARK, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 14 – RISK MANAGEMENT**

The City's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance.

For property, general, excess and environmental liability coverage, the City became a member of the Maryland Local Government Insurance Trust (LGIT). This trust is a public entity risk pool which is owned and directed by the local governments that subscribe to its coverages and operates under the terms of a Trust Agreement.

The City pays LGIT an annual premium. Claims are processed and recoveries and administrative costs are paid by LGIT. Similar to a commercial insurance carrier, recoveries are subject to deductibles and to annual aggregate/per occurrence dollar limits. No insurance settlement has exceeded the coverage in any of the past three fiscal years.

The City is fully insured for worker's compensation through the Montgomery County Self Insurance Plan. Employees are bonded through commercial insurance carriers to limit the loss to the City in the event of employees committing acts of embezzlement or theft.



## **REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF TAKOMA PARK, MARYLAND  
REQUIRED SUPPLEMENTAL INFORMATION  
PUBLIC SAFETY EMPLOYEE PENSION FUND  
SCHEDULE OF FUNDING PROGRESS  
June 30, 2003 – 2007**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit Method (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b-a/c)</b>
June 30, 2007	\$ 4,287,464	\$ 10,772,448	\$ 6,484,984	39.8%	\$ 2,204,862	294.1%
June 30, 2006	\$ 3,371,139	\$ 9,609,655	\$ 6,238,516	35.1%	\$ 1,961,026	318.1%
June 30, 2005	2,849,268	9,127,442	6,278,174	31.2%	1,857,977	337.9%
June 30, 2004	2,388,059	8,309,009	5,920,950	29.0%	1,876,807	315.0%
June 30, 2003	1,860,531	7,245,960	5,385,429	25.7%	1,856,566	290.1%

**PUBLIC SAFETY EMPLOYEE PENSION FUND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
June 30, 2003 – 2007**

<b>Fiscal Year Ending</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>
June 30, 2007	\$ 642,283	95.2%
June 30, 2006	561,943	99.0%
June 30, 2005	535,092	99.0%
June 30, 2004	456,645	98.8%
June 30, 2003	398,453	0.0%

## **SUPPLEMENTAL INFORMATION**

**CITY OF TAKOMA PARK, MARYLAND**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
<u>Property</u>				
Real property	\$ 8,057,270	\$ 8,057,270	\$ 8,232,645	\$ 175,375
Business or other property	490,000	490,000	535,626	45,626
Penalty and Interest	32,000	32,000	78,387	46,387
Additions and abatements	-	-	18,071	18,071
Total property	8,579,270	8,579,270	8,864,729	285,459
<u>Local Taxes</u>				
Admission and Amusement	100	100	420	320
	100	100	420	320
<u>Shared taxes</u>				
Highway	648,422	648,422	605,141	(43,281)
Income tax	1,672,000	1,672,000	2,016,347	344,347
Total shared taxes	2,320,422	2,320,422	2,621,488	301,066
Total taxes	10,899,792	10,899,792	11,486,637	586,845
Licenses and permits	56,754	56,754	104,597	47,843
Fines and forfeitures	175,000	175,000	181,219	6,219
Use of Money and Property:				
Interest & dividends	110,000	110,000	359,342	249,342
	110,000	110,000	359,342	249,342
Charges for Services:				
Public Parking	45,000	45,000	21,665	(23,335)
Protective inspection fees	278,600	278,600	280,468	1,868
Waste collection and disposal	73,000	73,000	68,580	(4,420)
Passport	30,000	30,000	35,982	5,982
Recreation	252,000	252,000	306,631	54,631
Library fines and fees	12,000	12,000	16,044	4,044
Other	10,000	10,000	12,368	2,368
Total charges for services	700,600	700,600	741,738	41,138

**CITY OF TAKOMA PARK, MARYLAND**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2007**  
(Continued)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES (Continued)</b>				
Intergovernmental Revenues:				
Police protection	\$ 411,674	\$ 411,674	\$ 403,947	\$ (7,727)
In Lieu of Police	2,322,023	2,322,023	2,322,023	-
In Lieu of County Services	683,046	683,046	678,046	(5,000)
Police rebate	564,669	564,669	630,408	65,739
Bank share tax	5,643	5,643	5,643	0
Library Aid	103,620	103,620	110,492	6,872
Montgomery County Tax	287,971	287,971	316,561	28,590
Takoma/Langley Recreation Center	100,000	100,000	100,000	-
Total intergovernmental revenues	4,478,646	4,478,646	4,567,120	88,474
Miscellaneous revenue - other	314,800	88,300	161,677	73,377
Total revenues	16,735,592	16,509,092	17,602,330	1,093,238
<b>EXPENDITURES</b>				
General Government:				
Mayor and Council	72,475	72,475	76,834	(4,359)
City administrator	2,430,337	2,397,462	1,653,770	743,692
Finance	381,529	381,529	376,972	4,557
Law	172,150	172,150	147,955	24,195
Systems Administration	252,858	252,858	258,633	(5,775)
Total general government	3,309,349	3,276,474	2,514,164	762,310
Public Safety:				
Office of the Chief	474,837	474,837	400,232	74,605
Communications	386,390	386,390	305,746	80,644
Patrol	2,755,910	2,755,910	2,997,520	(241,610)
Criminal investigations	688,586	688,586	534,191	154,395
Administration	700,931	700,931	612,730	88,201
Total public safety	5,006,654	5,006,654	4,850,419	156,235
Public Works:				
Administration	264,905	264,905	275,465	(10,560)
Building Maintenance	689,671	689,671	629,720	59,951
Equipment Maintenance	483,660	483,660	545,668	(62,008)
Right of Way	805,633	805,633	799,602	6,031
Solid Waste Management	728,754	728,754	712,688	16,066
Urban forest/ City Gardens	382,630	382,630	297,916	84,714
City engineer	152,506	152,506	148,939	3,567
Total public works	3,507,759	3,507,759	3,409,998	97,761

**CITY OF TAKOMA PARK, MARYLAND**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2007**  
(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES (Continued)</b>				
Housing and Community Development:				
Administration	\$ 1,349,500	\$ 1,361,375	\$ 1,124,538	\$ 236,837
Recreation and Culture:				
Administration	1,176,307	1,176,307	964,469	211,838
Library and media	1,240,538	1,240,538	1,167,582	72,956
Total recreation and culture	<u>2,416,845</u>	<u>2,416,845</u>	<u>2,132,051</u>	<u>284,794</u>
Capital Outlay:	<u>1,265,674</u>	<u>1,301,015</u>	<u>1,587,298</u>	<u>(286,283)</u>
Debt Service:				
Repayments	<u>871,313</u>	<u>1,055,193</u>	<u>983,926</u>	<u>71,267</u>
Total debt service	<u>871,313</u>	<u>1,055,193</u>	<u>983,926</u>	<u>71,267</u>
Total expenditures	<u>17,727,094</u>	<u>17,925,315</u>	<u>16,602,394</u>	<u>1,322,921</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(991,502)</u>	<u>(1,416,223)</u>	<u>999,936</u>	<u>2,416,159</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease	-	-	525,888	525,888
Proceeds from transfers to:				
Community Center	(226,500)	(100,000)	-	100,000
Special Revenue	<u>(4,639)</u>	<u>(85,881)</u>	<u>(1,656)</u>	<u>84,225</u>
Total other financing sources (uses)	<u>(231,139)</u>	<u>(185,881)</u>	<u>524,232</u>	<u>710,113</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,222,641)</u>	<u>(1,602,104)</u>	<u>1,524,168</u>	<u>3,126,272</u>
<b>APPROPRIATION OF FUND BALANCE</b>	<u>1,222,641</u>	<u>1,602,104</u>	<u>-</u>	<u>(1,602,104)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,524,168</u>	<u>\$ 1,524,168</u>

**CITY OF TAKOMA PARK, MARYLAND  
COMMUNITY CENTER FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGETARY AND ACTUAL  
For the Fiscal Year Ended June 30, 2007**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental - grants and contracts	\$ 350,000	\$ 350,000	\$ 350,000	\$ -
Program open space funds	<u>435,575</u>	<u>435,575</u>	<u>39,510</u>	<u>(396,065)</u>
Total revenues	<u>785,575</u>	<u>785,575</u>	<u>389,510</u>	<u>(396,065)</u>
<b>EXPENDITURES</b>				
Construction costs	<u>795,767</u>	<u>795,767</u>	<u>343,349</u>	<u>452,418</u>
Total expenditures	<u>795,767</u>	<u>795,767</u>	<u>343,349</u>	<u>452,418</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(10,192)</u>	<u>(10,192)</u>	<u>46,161</u>	<u>56,353</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund	<u>226,500</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>226,500</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	216,308	89,808	46,161	(43,647)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 216,308</u>	<u>\$ 89,808</u>	<u>\$ 46,161</u>	<u>\$ (43,647)</u>

**CITY OF TAKOMA PARK, MARYLAND**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**BUDGETARY AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2007**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental - grants and contracts	\$ 916,069	\$ 1,096,964	\$ 518,552	\$ (578,412)
Total revenues	<u>916,069</u>	<u>1,096,964</u>	<u>518,552</u>	<u>(578,412)</u>
<b>EXPENDITURES</b>				
General government	65,000	87,639	24,424	63,215
Public safety	299,375	323,312	187,249	136,063
Public works	211,950	226,950	148,461	78,489
Housing and community development	316,050	481,471	65,373	416,098
Recreation and culture	28,333	62,167	28,798	33,369
Capital outlay	-	-	7,208	(7,208)
Total expenditures	<u>920,708</u>	<u>1,181,539</u>	<u>461,513</u>	<u>720,026</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(4,639)</u>	<u>(84,575)</u>	<u>57,039</u>	<u>141,614</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund	<u>4,639</u>	<u>85,881</u>	<u>1,656</u>	<u>(84,225)</u>
Total other financing sources (uses)	<u>4,639</u>	<u>85,881</u>	<u>1,656</u>	<u>(84,225)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	1,306	58,695	57,389
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>308,562</u>	<u>308,562</u>	<u>308,562</u>	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 308,562</u>	<u>\$ 309,868</u>	<u>\$ 367,257</u>	<u>\$ 57,389</u>



**CITY OF TAKOMA PARK, MARYLAND**  
**NON-MAJOR FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2007**  
(With Comparative Totals for 2006)

	Community Center	Rehabilitation Loans and Grants	Special Revenue Fund	Totals	
				2007	2006
<u>ASSETS</u>					
Cash and temporary investments	\$ -	\$ 177,601	\$ -	\$ 177,601	\$ 81,043
Notes receivable, net		39,643		39,643	122,725
Other receivables	-			-	-
Due from General Fund				-	-
Due from other funds	528,805		305,524	834,329	2,492,907
Due from other governments	39,510		148,913	188,423	1,898,037
Other assets					829
Total assets	<u>\$ 568,315</u>	<u>\$ 217,244</u>	<u>\$ 454,437</u>	<u>\$ 1,239,996</u>	<u>\$ 4,595,541</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	314,798		66,749	381,547	476,443
Accrued expenses			1,864	1,864	1,500
Deposits and escrows held	-		8,185	8,185	8,185
Due to other funds	207,356	3,342		210,698	3,525,962
Due to other governments		174,259		174,259	150,301
Deferred revenue	-		10,382	10,382	1,863
Total liabilities	<u>522,154</u>	<u>177,601</u>	<u>87,180</u>	<u>786,935</u>	<u>4,164,254</u>
<u>Fund Balances</u>					
Reserved for capital improvements			367,257	367,257	308,436
Reserved for emergency assistance	-			-	-
Reserved for notes receivable		39,643		39,643	122,725
Total reserved	<u>-</u>	<u>39,643</u>	<u>367,257</u>	<u>406,900</u>	<u>431,161</u>
Unreserved (deficit), undesignated	<u>46,161</u>	<u>-</u>	<u>-</u>	<u>46,161</u>	<u>126</u>
Total fund balances	<u>46,161</u>	<u>39,643</u>	<u>367,257</u>	<u>453,061</u>	<u>431,287</u>
Total liabilities and fund balances	<u>\$ 568,315</u>	<u>\$ 217,244</u>	<u>\$ 454,437</u>	<u>\$ 1,239,996</u>	<u>\$ 4,595,541</u>

**CITY OF TAKOMA PARK, MARYLAND**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2007**  
**(With Comparative Totals for 2006)**

	<b>Community Center</b>	<b>Rehabilitation Loans and Grants</b>	<b>Special Revenue Fund</b>	<b>Totals</b>	
				<b>2007</b>	<b>2006</b>
<u>Revenues</u>					
Use of money and property - interest income		-	-	-	3
Charges for services		-	-	-	868
Intergovernmental grants and contracts	389,510		518,552	908,062	1,701,482
Total revenues	389,510	-	518,552	908,062	1,702,353
<u>Expenditures</u>					
General government		83,082	24,424	107,506	293,756
Public safety			187,249	187,249	122,497
Public works	-		148,461	148,461	-
Housing and community development	-		65,373	65,373	24,955
Recreation and culture	-		28,798	28,798	45,672
Capital outlay	343,349	-	7,208	350,557	2,394,271
Total expenditures	343,349	83,082	461,513	887,944	2,881,151
Excess (deficiency) of revenues over expenditures	46,161	(83,082)	57,039	20,118	(1,178,798)
<u>Other financing sources (uses)</u>					
Operating transfer from General Fund	-	-	1,656	1,656	801,268
	-	-	1,656	1,656	801,268
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	46,161	(83,082)	58,695	21,774	(377,530)
Fund balances - beginning of year	-	122,725	308,562	431,287	808,817
Fund balances - end of year	\$ 46,161	\$ 39,643	\$ 367,257	\$ 453,061	\$ 431,287

**CITY OF TAKOMA PARK, MARYLAND**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**For the Fiscal Year Ended June 30, 2007**  
(With Comparative Totals for 2006)

	<b>Pension Trust</b>	<b>Defined Contribution Plan</b>	<b>Total</b>	
			<b>2007</b>	<b>2006</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 113,132	\$ -	\$ 113,132	\$ 2,222,553
Investments, at fair value:				
Domestic equities	2,743,144	41,068	2,784,212	50,787
Corporate bonds	1,431,188	37,964	1,469,152	1,176,360
International equities	-	21,247	21,247	6,016
Total investments	4,174,332	100,279	4,274,611	1,233,163
<b>TOTAL ASSETS</b>	<b>4,287,464</b>	<b>100,279</b>	<b>4,387,743</b>	<b>3,455,716</b>
<b>NET ASSETS</b>				
Held in trust for pension benefits	\$ 4,287,464	\$ 100,279	\$ 4,387,743	\$ 3,455,716

**CITY OF TAKOMA PARK, MARYLAND**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**For the Fiscal Year Ended June 30, 2007**  
(With Comparative Totals for 2006)

	<b>Pension Trust</b>	<b>Defined Contribution Plan</b>	<b>Totals</b>	
			<b>2007</b>	<b>2006</b>
<b>ADDITIONS</b>				
Employer contributions	\$ 611,405	\$ 25,883	\$ 637,288	\$ 540,224
Plan member contributions	142,520	-	142,520	119,270
Total contributions	<u>753,925</u>	<u>25,883</u>	<u>779,808</u>	<u>659,494</u>
Investment income	552,266	11,010	563,276	254,382
Less investment expenses	5,856	-	5,856	18,091
Net investment income	<u>546,410</u>	<u>11,010</u>	<u>557,420</u>	<u>236,291</u>
Total additions	<u>1,300,335</u>	<u>36,893</u>	<u>1,337,228</u>	<u>895,785</u>
<b>DEDUCTIONS</b>				
Benefit and refunds paid	339,842	21,191	361,033	353,038
Administrative expenses	<u>44,168</u>	<u>-</u>	<u>44,168</u>	<u>45,259</u>
Total deductions	<u>384,010</u>	<u>21,191</u>	<u>405,201</u>	<u>398,297</u>
<b>CHANGE IN NET ASSETS</b>	916,325	15,702	932,027	497,488
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR</b>	<u>3,371,139</u>	<u>84,577</u>	<u>3,455,716</u>	<u>2,958,228</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR</b>	<u>\$ 4,287,464</u>	<u>\$ 100,279</u>	<u>\$ 4,387,743</u>	<u>\$ 3,455,716</u>

## **STATISTICAL SECTION**

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## STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's economic condition.

### Contents

#### Financial Trends

These schedules contain trend information to help the reader understand how the City's financial position and well-being have changed over time.

#### Revenue Capacity

These schedules contain information to help the reader assess the City's most significant own-source revenues.

#### Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability for additional debt in the future.

#### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### Operating Information

These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in Fiscal Year 2003. The schedules presenting government-wide information include information beginning in that year.

Table 1

**CITY OF TAKOMA PARK, MARYLAND**  
**NET ASSETS BY COMPONENT**  
**LAST FIVE FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 17,112,525	\$ 12,220,247	\$ 9,053,902	\$ 6,361,971	\$ 2,465,056
Restricted	1,327,101	1,524,639	4,065,550	1,677,812	1,617,967
Unrestricted	<u>6,118,379</u>	<u>4,210,070</u>	<u>1,228,025</u>	<u>1,697,656</u>	<u>4,913,094</u>
<b>TOTAL PRIMARY GOVERNMENT NET ASSETS</b>	<u>\$ 24,558,005</u>	<u>\$ 17,954,956</u>	<u>\$ 14,347,477</u>	<u>\$ 9,737,439</u>	<u>\$ 8,996,117</u>



Table 2

**CITY OF TAKOMA PARK, MARYLAND**  
**CHANGES IN NET ASSETS**  
**LAST FIVE FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>EXPENSES</b>					
Governmental activities:					
General government	\$ 2,764,025	\$ 2,162,783	\$ 2,375,234	\$ 2,543,571	\$ 2,738,005
Public safety	5,214,230	4,726,609	4,520,348	4,374,347	4,115,905
Public works	4,526,174	3,651,129	4,059,898	4,174,364	3,499,188
Housing and community development	1,198,331	1,005,222	917,685	1,214,972	763,328
Recreation and culture	2,540,913	2,170,734	1,966,910	2,209,011	2,006,076
Non-departmental	-	656,738	653,907	637,546	981,302
Interest	250,342	263,379	210,411	106,551	106,606
Total primary government expenses	<u>16,494,015</u>	<u>14,636,594</u>	<u>14,704,393</u>	<u>15,260,362</u>	<u>14,210,410</u>
<b>PROGRAM REVENUES</b>					
Governmental activities:					
Charges for services:					
General government	39,080	537,608	456,113	40,866	27,163
Public safety	181,219	190,287	179,322	104,539	130,455
Public works	840,248	831,409	764,039	340,060	561,748
Housing and community development	-	614	314,486	204,222	
Recreation and culture	322,675	249,909	242,363	188,933	221,713
Operating grants and contributions	3,943,472	5,528,750	5,055,228	5,716,825	4,534,872
Capital grants and contributions	531,460	716,414	2,586,088	986,403	239,970
Total primary government program revenues	<u>5,858,154</u>	<u>8,054,991</u>	<u>9,597,639</u>	<u>7,581,848</u>	<u>5,715,921</u>
Total primary government net expense	<u>(10,635,861)</u>	<u>(6,581,603)</u>	<u>(5,106,754)</u>	<u>(7,678,514)</u>	<u>(8,494,489)</u>
<b>GENERAL REVENUES AND OTHER</b>					
<b>CHANGES IN NET ASSETS</b>					
Governmental activities:					
Taxes:					
Property taxes	8,764,784	7,901,543	7,630,236	6,634,987	6,112,206
Intergovernmental/unrestricted	3,662,840	1,904,784	1,740,886	1,583,275	1,449,812
Investment earnings	359,342	184,751	130,409	67,832	191,071
Miscellaneous and other	180,062	198,004	215,261	133,742	630,506
Total primary government	<u>12,967,028</u>	<u>10,189,082</u>	<u>9,716,792</u>	<u>8,419,836</u>	<u>8,383,595</u>
<b>TOTAL PRIMARY GOVERNMENT</b>					
<b>CHANGE IN NET ASSETS</b>	<u>\$ 2,331,167</u>	<u>\$ 3,607,479</u>	<u>\$ 4,610,038</u>	<u>\$ 741,322</u>	<u>\$ (110,894)</u>

**CITY OF TAKOMA PARK, MARYLAND**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>General Fund</b>										
Reserved	\$ 1,327,101	\$ 1,332,550	\$ 2,557,101	\$ 1,215,933	\$ 3,544,556	\$ 1,307,162	\$ 1,617,180	\$ 1,515,530	\$ 1,278,372	\$ 1,369,222
Unreserved	5,077,563	3,547,946	2,327,990	1,473,475	2,324,994	5,189,348	2,848,592	2,127,869	2,152,176	1,320,470
Total general fund	\$ 6,404,664	\$ 4,880,496	\$ 4,885,091	\$ 2,689,408	\$ 5,869,550	\$ 6,496,510	\$ 4,465,772	\$ 3,643,399	\$ 3,430,548	\$ 2,689,692
<b>All other governmental funds</b>										
Reserved	\$ 413,714	\$ 439,023	\$ 154,361	\$ 480,554	\$ 250,547	\$ 266,497	\$ 352,967	\$ 1,075,922	\$ 426,923	\$ 322,169
Unreserved										
Stormwater Management	226,262	143,578	66,384	153,025	244,681					
Community Center	46,161		366,485	570,810						
Special Revenue		126	282,459	(506,868)		380,002	214,132	(209,497)	309,416	561,707
Rehabilitation Loans & Grants			(395)	95						
Other			5,907	5,779	(56,030)					
Total Unreserved	272,423	143,704	720,840	222,841	188,746	380,002	214,132	(209,497)	309,416	561,707
Total all other governmental funds	\$ 686,137	\$ 582,727	\$ 875,201	\$ 703,395	\$ 439,293	\$ 646,499	\$ 567,099	\$ 866,425	\$ 736,339	\$ 883,876

**CITY OF TAKOMA PARK, MARYLAND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>REVENUES</b>										
Taxes and utility fees	\$ 11,486,637	\$ 10,306,405	\$ 9,826,025	\$ 8,618,452	\$ 8,115,007	\$ 7,952,305	\$ 7,475,316	\$ 6,805,093	\$ 6,710,193	\$ 6,434,281
Licenses and permits	104,597	62,415	63,610	63,862	31,928	35,720	58,808	62,931	57,548	54,244
Fines and forfeitures	181,219	190,287	179,323	104,539	130,455	70,948	65,199	91,108	95,507	78,231
Investment earnings	359,342	184,751	130,409	67,832	191,072	187,311	326,060	289,274	201,304	182,200
Charges for services	1,108,872	1,007,213	1,136,197	773,186	784,312	704,096	723,073	767,870	742,662	736,469
Intergovernmental	5,475,182	6,245,164	7,641,316	6,004,235	4,342,372	4,004,899	5,047,829	3,530,652	3,655,682	3,170,628
Miscellaneous	174,241	247,158	215,261	382,952	652,055	150,470	168,259	306,543	197,123	234,155
Total revenues	18,890,090	18,243,393	19,192,141	16,015,058	14,247,201	13,105,749	13,864,544	11,853,471	11,660,019	10,890,208
<b>EXPENDITURES</b>										
Current:										
General government	2,621,670	2,040,573	1,990,373	2,432,670	2,613,903	1,550,891	1,332,838	1,221,221	1,169,797	1,117,963
Public safety	5,037,668	4,659,466	4,489,515	4,292,117	4,044,399	3,827,164	3,644,243	3,651,666	3,305,933	3,132,713
Public works	3,765,225	3,480,726	3,895,853	3,997,466	3,355,898	2,865,254	4,294,887	3,305,849	2,854,632	2,754,795
Housing/community development	1,189,911	1,003,247	1,112,569	1,212,228	758,430	1,069,886	1,265,699	949,947	986,332	1,006,908
Recreation and culture	2,160,849	2,129,854	2,001,449	2,159,158	1,975,967	2,049,767	1,675,491	1,689,589	1,605,112	1,446,407
Nondepartmental	-	395,025	607,466	606,117	403,593	375,403	432,579	461,884	397,504	455,788
Capital outlay	2,029,151	4,127,017	6,958,497	3,943,729	1,110,105	1,033,833	427,335	443,692	666,083	568,941
Debt service:										
Principal	733,584	612,522	205,984	200,317	1,095,680	257,321	212,097	234,769	198,637	474,928
Interest	250,342	249,983	167,946	106,771	103,392	70,642	76,328	87,412	78,369	99,323
Total expenditures	17,788,400	18,698,413	21,429,652	18,950,573	15,461,367	13,100,161	13,361,497	12,046,029	11,262,399	11,057,766
Excess (deficiency) of revenues over expenditures before other financing sources	1,101,690	(455,020)	(2,237,511)	(2,935,515)	(1,214,166)	5,588	503,047	(192,558)	397,620	(167,558)
<b>OTHER FINANCING SOURCES (USES)</b>										
Bond/Loan proceeds	525,888	-	4,605,000	19,475	380,000	2,104,550	-	555,495	195,699	321,933
Sale of property	-	157,951	-	-	-	-	-	-	-	-
Transfer in (out)	-	-	-	-	-	-	-	-	-	-
Total other financing sources	525,888	157,951	4,605,000	19,475	380,000	2,104,550	-	555,495	195,699	321,933
<b>NET CHANGES IN FUND BALANCES</b>	\$ 1,627,578	\$ (297,069)	\$ 2,367,489	\$ (2,916,040)	\$ (834,166)	\$ 2,110,138	\$ 503,047	\$ 362,937	\$ 593,319	\$ 154,375
Debt service as a percentage of noncapital expenditures	6.03%	5.81%	2.58%	2.05%	8.36%	2.72%	2.23%	2.78%	2.61%	5.47%

**CITY OF TAKOMA PARK, MARYLAND**  
**GENERAL FUND TAX REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

<b>Fiscal Year</b>	<b>General Property Taxes</b>	<b>Utility and Personal Property</b>	<b>Penalties and Interest on Delinquent Tax</b>	<b>Additions and Abatements</b>	<b>Amusement Tax</b>	<b>Income Tax</b>	<b>Highway Tax</b>	<b>Total</b>
2007	\$ 8,232,645	\$ 535,626	\$ 78,387	\$ 18,071	\$ 420	\$ 2,016,347	\$ 605,141	\$11,486,637
2006	7,369,473	490,667	10,325	(58,142)	486	1,904,784	588,812	10,306,405
2005	6,923,415	575,799	41,668	13,532	108	1,740,886	530,617	9,826,025
2004	6,054,625	608,613	39,162	(16,389)	38	1,583,275	349,128	8,618,452
2003	5,680,412	472,828	30,964	70,071	-	1,449,812	410,920	8,115,007
2002	5,201,068	540,974	62,561	209,476	19	1,506,694	431,513	7,952,305
2001	4,848,513	668,769	34,374	26,739	88	1,465,976	430,857	7,475,316
2000	4,637,051	395,769	28,470	(8,781)	885	1,337,548	414,151	6,805,093
1999	4,665,438	376,862	18,160	8,184	856	1,235,417	405,276	6,710,193
1998	4,560,836	341,692	14,242	(11,915)	9,443	1,109,648	410,335	6,434,281

Source: City's financial records.

**CITY OF TAKOMA PARK, MARYLAND  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Current Tax Collections and Credits	Percent of Levy Collected	Delinquent Tax		Total Tax Collections and Credits	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
				Collections and Credits	Credits		Tax Levy	Tax Levy		
2007	\$ 8,730,162	\$ 8,649,985	99.1%	\$ -	\$ -	\$ 8,649,985	99.1%	99.1%	\$ 80,177	0.9%
2006	7,747,197	7,674,253	99.0	-	-	7,674,253	99.0	99.0	72,944	1.0
2005	7,415,063	7,322,124	98.7	-	-	7,322,124	98.7	98.7	92,939	1.3
2004	6,659,214	6,551,640	98.4	31,938	31,938	6,583,578	98.9	98.9	75,636	1.1
2003	6,245,222	6,190,738	99.1	13,056	13,056	6,203,794	99.3	99.3	41,428	0.7
2002	5,757,152	5,487,781	95.3	245,526	245,526	5,733,307	99.6	99.6	23,845	0.4
2001	5,517,282	5,228,045	94.8	267,105	267,105	5,495,150	99.6	99.6	22,132	0.4
2000	5,032,820	4,905,604	97.5	73,520	73,520	4,979,124	98.9	98.9	53,696	1.1
1999	5,042,300	4,908,528	97.4	104,575	104,575	5,013,103	99.4	99.4	29,197	0.6
1998	4,902,528	4,781,482	97.5	100,457	100,457	4,881,939	99.6	99.6	20,589	0.4

Note: The above information relates to property tax levies and collections in the General Fund.  
Total collections include adjustments in "total tax levy" in year prior to original tax levy.

Source: City's Finance Department.

Table 7

**CITY OF TAKOMA PARK, MARYLAND**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Real Property			Public Utilities			Personal Property			Total	Ratio of Total Assessed to Total	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value <sup>(1)</sup>		Assessed Value	Estimated Actual Value <sup>(2)</sup>		Assessed Value	Estimated Actual Value <sup>(2)</sup>		Assessed Value	Estimated Actual Value <sup>(3)</sup>	
		Value	Value		Value	Value		Value	Value		Value	Value
2007	\$1,305,972,838	\$1,305,972,838		\$10,406,020	\$10,406,020		\$21,500,830	\$21,500,830		\$1,337,879,698	100	0.630
2006	1,159,577,994	1,159,577,994		9,507,450	9,507,450		20,828,000	20,828,000		1,189,913,444	100	0.630
2005	1,040,717,919	1,040,717,919		10,670,330	10,670,330		22,440,290	22,440,290		1,073,828,539	100	0.660
2004	934,275,038	934,275,038		10,708,000	10,708,000		24,642,630	24,642,630		969,625,688	100	0.660
2003	869,676,011	869,676,011		10,930,630	10,930,630		19,263,630	19,263,630		899,870,271	100	0.660
2002	815,876,168	815,876,168		12,151,340	12,151,340		20,199,252	20,199,252		848,226,760	100	0.642
2001	306,615,639	766,539,098		11,178,318	11,178,318		18,618,660	18,618,660		336,412,617	42.2	1.605
2000	293,484,215	733,710,538		11,421,013	11,421,013		13,627,658	13,627,658		318,532,886	41.9	1.580
1999	295,280,886	738,202,215		11,015,253	11,015,253		12,836,772	12,836,772		319,132,911	41.9	1.580
1998	297,122,870	742,807,175		11,374,790	11,374,790		10,885,280	10,885,280		319,382,940	41.8	1.535

- (1) Property owned by the City, other governments, churches and schools is exempt. No estimate of exempt property is included.
- (2) Personal property and public utilities are assessed at 100% of estimated actual value.
- (3) Prior to FY 2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY 2002 assessed values reflect the conversion to full value assessment of real property.
- (4) Effective July 1, 1997, the citizens of Takoma Park, which was located partly in Montgomery County and partly in Prince George's County, voted by referendum to have the City located entirely in Montgomery County.

Source: State of Maryland Department of Assessment and Taxation.

**CITY OF TAKOMA PARK, MARYLAND**  
**PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**  
**(Per \$100 of Assessed Value)**

Fiscal Year	Taxes Rates <sup>(1)</sup>							
	Takoma Park General <sup>(3)</sup>	Takoma Park Fire Service	State of Maryland	Montgomery County	Maryland-National Capital Park and Planning Commission		Transit District	Recreation Areas
					Commission	Park and Planning		
2007	\$ 0.6300	\$ -	\$ 0.1320	\$ 0.6240	\$ 0.0800	\$ 0.0530	\$ 0.0240	\$ 1.5430
2006	0.6300	-	0.1320	0.6790	0.0840	0.0420	0.0250	1.5920
2005	0.6600	-	0.1320	0.7340	0.0800	0.0440	0.0250	1.6750
2004	0.6600	-	0.1320	0.7510	0.0810	0.0440	0.0220	1.6900
2003	0.6600	-	0.0840	0.8710	0.0870	0.0380	0.0200	1.7600
2002	0.6420 <sup>(3)</sup>	-	0.0840	0.8500	0.0910	0.0500	0.0270	1.7440
2001	1.6050	-	0.2100	2.1500	0.2230	0.1000	0.0690	4.3570
2000	1.5800	-	0.2100	2.1530	0.2190	0.1020	0.0670	4.3310
1999	1.5800	-	0.2100	2.1860	0.2180	0.1020	0.0620	4.3580
1998	1.5350	-	0.2100	2.2240	0.2180	0.0910	0.0540	4.3320

(1) In dollars per \$100 of assessed value.

(2) On July 1, 1997 (fiscal year 1998), the City of Takoma Park was unified into one county, Montgomery County.

(3) Prior to FY 2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY 2002 tax rates reflect the conversion to full value assessments of real property. Personal property and public utility rates are presented in parenthesis.

Source: State of Maryland Department of Assessment and Taxation.

**CITY OF TAKOMA PARK, MARYLAND  
COMPUTATION OF LEGAL DEBT MARGIN  
Year Ended June 30, 2007**

Fiscal year 2007 real property assessed value	<u>\$ 1,337,879,698</u>
Debt limit - 100% of assessed value	\$ 1,337,879,698
Amount of debt applicable to debt limit - legal debt margin	<u>6,320,521</u>
Legal debt margin	<u>\$ 1,331,559,177</u>

**SECTION 823 - AUTHORIZATION TO BORROW MONEY**

- (a) The Council of Takoma Park shall have the power to borrow money for any proper purpose and to evidence such borrowing by the issue and sale of its general obligation bonds, notes, or other certificates of indebtedness in the manner prescribed in Section 31 to 37 inclusive, of Article 23A of the Annotated Code of Maryland (1998 edition, as amended), title "Municipal Corporations," sub-title "Creation of Municipal Public Debt." Notwithstanding the provisions of this subsection, the Council may authorize a private negotiated sale of bonds upon a finding by the Council that such private negotiated sale is in the best interests of the City of Takoma Park.
- (b) Any proposed new indebtedness that is greater than five percent (5%) of the revenue budgeted for that year shall be subject to a public hearing and the Council shall not take final action on the proposed indebtedness less than fourteen (14) days following the hearing.

**SECTION 824 - PAYMENT OF INDEBTEDNESS**

The power and obligation of the City to pay any and all bonds, notes, or other evidences of indebtedness issued by it shall be unlimited and the City shall levy ad valorem taxes on all the taxable property in the City for payment of such bonds, notes, or other evidences of indebtedness and interest thereon. The faith and credit of the City is pledged for the payment of the principal of and the interest on all bonds, notes or other evidences of indebtedness issued under the authority of this Charter, whether or not such pledge be stated in the bonds, notes or other evidences of indebtedness, or in the ordinance authorizing their issuance.

- (1) Prior to FY 2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY2002 assessed values reflect the conversion to full value assessments of real property.



**CITY OF TAKOMA PARK, MARYLAND**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Assessed Value <sup>(2)</sup></b>	<b>Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
2007	17,299	\$ 1,337,879,698	\$ 6,320,521	0.47%	\$ 365.37
2006	17,299	1,189,913,444	6,528,217	0.55	377.38
2005	17,299	1,073,828,539	7,140,738	0.67	412.78
2004	17,299	969,625,688	2,741,845	0.28	158.50
2003	17,299	899,870,271	2,922,687	0.32	168.95
2002	17,299	848,226,760	3,627,826	0.43	209.71
2001	17,299	336,412,617	1,780,597	0.53	102.93
2000	17,299	318,532,886	1,992,694	0.63	115.20
1999	17,505	319,132,911	1,671,968	0.52	95.51
1998	17,505	319,382,940	1,674,906	0.52	95.68

(2) Prior to FY 2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY 2002 assessed value reflects the conversion to full value assessment of real property.

Source: (1) U.S. Census Bureau.

**CITY OF TAKOMA PARK, MARYLAND**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR**  
**GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Service to General Governmental Expenditures (Percent)</b>
2007	\$ 733,584	\$ 250,342	\$ 983,926	\$ 17,788,399	5.53%
2006	612,521	249,984	862,505	18,698,413	4.61
2005	205,984	167,946	373,930	21,429,652	1.74
2004	200,317	106,771	307,088	18,950,573	1.62
2003	1,095,680	103,392	1,190,072 <sup>(2)</sup>	15,461,367	7.70
2002	257,321	70,642	327,963	13,100,161	2.50
2001	212,097	76,328	288,425	13,361,497	2.16
2000	234,769	87,412	322,181	12,046,029	2.67
1999	198,637	78,369	277,006	11,262,399	2.46
1998	474,928	99,323	574,251 <sup>(1)</sup>	11,057,766	5.19

(1) Paid off two Maryland Industrial and Commercial Redevelopment Fund loans.

(2) Paid off MEDCO Bonds.

Source: City's financial records.

Table 12

**CITY OF TAKOMA PARK, MARYLAND**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT <sup>(2)</sup>**  
**June 30, 2007**

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct debt – City of Takoma Park, Maryland	\$ 6,320,521	100.00%	\$ 6,320,521
Montgomery County	1,967,407,860	1.00% <sup>(1)</sup>	19,674,079
Maryland-National Capital Park and Planning Commission Montgomery County	<u>41,165,901</u>	1.00% <sup>(1)</sup>	<u>411,659</u>
<b>Total direct and overlapping debt</b>	<u><u>\$ 2,014,894,282</u></u>		<u><u>\$ 26,406,259</u></u>

(1) Rate of assessed value in the City to total assessed value in Montgomery County.

(2) The overlapping debt is not a debt of the City of Takoma Park, Maryland on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the City of Takoma Park, Maryland are obligated to pay through direct tax levies of these governmental entities.

Source: Montgomery County Department of Finance.

**CITY OF TAKOMA PARK, MARYLAND  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Per Capita Income <sup>(2) (3)</sup></b>	<b>Labor Force <sup>(2) (3)</sup></b>	<b>Unemployment Force <sup>(2) (3)</sup></b>	<b>Registered Pupils <sup>(2) (3)</sup></b>
Montgomery County:					
2007	17,299	\$ 66,209	525,018	2.8	137,798
2006	17,299	61,805	521,858	2.8	139,387
2005	17,299	57,400	507,020	3.5	140,902
2004	17,299	55,200	497,217	3.1	139,203
2003	17,299	52,854	501,389	2.6	138,891
2002	17,299	51,699	595,062	3.5	136,832
2001	17,299	50,986	489,015	3.1	134,180
2000	17,299	49,647	487,251	2.6	130,689
1999	16,700	45,283	478,946	1.9	127,852
1998	16,700	43,165	472,944	2.2	125,035

(1) U.S. Census Bureau. Includes annexed area.

(2) This information is not available for the City of Takoma Park, Maryland on a separate basis. The best available information is provided by the Finance Department of Prince George's County, Maryland and the Finance Department of Montgomery County, Maryland.

(3) Per Capita Income, Unemployment Force, and Labor Force data for the years 1998-2003 have been revised. Registered Pupils have been revised for the year 2002-2004.

Source: U.S. Census Bureau.

Table 14

**CITY OF TAKOMA PARK, MARYLAND  
PRINCIPAL TAXPAYERS  
Year Ended June 30, 2007**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2006 <sup>(1)</sup> Assessed Valuation</b>	<b>Percentage Total Assessed Valuation</b>
1. Saul Subsidiary I LTD Partnership	Commercial/Rental	\$13,455,000	1.13%
2. Takoma Langley Improvements	Commercial	12,672,500	1.06
3. Franklin Associates	Rental Property	11,366,000	0.96
4. Park Ritchie Apartments	Rental Property	8,382,300	0.70
5. Hampshire Lodging LLC	Commercial	6,423,500	0.54
6. Takoma Business Center	Commercial	6,360,200	0.53
7. Potomac Electric Power Company	Electrical Utility	6,292,910 <sup>(2)</sup>	0.53
8. CPDC Hampshire Towers Rental LLC	Rental Property	5,630,100	0.47
9. Hampshire Place LLC	Commercial	5,580,400	0.47
10. Tenacity 7333 New Hampshire Ave LLC	Rental Property	<u>5,394,800</u>	<u>0.45</u>
<b>Total</b>		<u><b>\$81,557,710</b></u>	<u><b>6.85%</b></u>

(1) Prior to FY 2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY 2002 assessed values reflect the conversion to full value assessments of real property.

(2) Represents the assessed valuation for operating real and personal property taxes.

Source: State of Maryland Department of Assessment and Taxation.

**CITY OF TAKOMA PARK, MARYLAND**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN YEARS**

<b>FUNCTION</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
General government	16.00	16.00	16.50	17.25	15.50	14.00	12.75	11.75	13.13	14.63
Public safety	58.73	57.47	57.47	57.97	56.97	56.19	56.44	55.44	55.44	54.44
Public works	33.58	33.29	33.07	32.07	32.07	33.47	32.99	36.00	39.00	39.00
Housing and community development	9.50	8.81	9.81	11.81	14.11	12.80	14.60	14.05	15.05	14.05
Recreation and culture	32.40	31.73	28.71	28.71	28.84	26.47	25.88	25.31	24.21	23.59
<b>TOTAL</b>	<u>150.21</u>	<u>147.30</u>	<u>145.56</u>	<u>147.81</u>	<u>147.49</u>	<u>142.93</u>	<u>142.66</u>	<u>142.55</u>	<u>146.83</u>	<u>145.71</u>

Table 16

**CITY OF TAKOMA PARK, MARYLAND  
MISCELLANEOUS STATISTICAL DATA  
June 30, 2007**

Date of incorporation	1890
Date of adoption of City Charter	1890
Revision of City Charter	2002
Form of government	Council - Manager
Area - square miles	2.4
Miles of streets and sidewalks:	
Streets	33.89
Sidewalks	27.87
Housing:	
Number of apartment units	3,868
Number of single family homes	3,305
Fire and rescue services	Montgomery County Fire Department
Police protection:	
Number of stations	1
Number of authorized police	41
Municipal water plant (Washington Suburban Sanitary Commission)	None
Telephone, natural gas and electricity services are furnished by private corporations	
Recreation and parks - number of acres	8.98

	<u>City</u>	<u>School</u>	<u>Park and Planning Commission</u>	<u>Total</u>
Playgrounds	7	2	5	14
Baseball diamonds	1	2	1	4
Football fields	-	1	1	2
Swimming pools	-	1	-	1
Tennis courts	-	4	4	8

Table 16

**CITY OF TAKOMA PARK, MARYLAND**  
**MISCELLANEOUS STATISTICAL DATA**  
**June 30, 2007**  
(Continued)

## Number of schools:

Elementary	2
Intermediate	1
Private	3
Colleges	2

## Election:

Registered voters	10,275
Number of votes cast - November, 2005	2,538
Percentage voting	25%

## Population by age group

(Source: U.S. Census Bureau)

<b>Age</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>
Under 5	1,367	955	1,320	1,237
5 – 17	3,250	2,463	2,201	2,261
18 – 24	3,284	2,447	1,567	2,094
25 – 44	4,710	5,842	7,288	8,952
45 – 64	3,950	2,616	2,551	2,013
65 – 74	1,163	1,071	928	513
75 and over	<u>731</u>	<u>837</u>	<u>845</u>	<u>229</u>
<b>Total</b>	<u><u>18,455</u></u>	<u><u>16,231</u></u>	<u><u>16,700</u></u>	<u><u>17,299</u></u>



**CITY OF TAKOMA PARK, MARYLAND**  
**SCHEDULE OF INSURANCE IN FORCE**  
**June 30, 2007**

Type of Coverage/Company Name	Policy Number	From	To	Limits of Coverage	Premiums
Commercial General Liability – Local Government Insurance Trust	TAKO-01-PLP	7/01/06	(1) 7/01/07	\$2,000,000 aggregate – \$1,000,000, occurrence	\$ 28,133
Public Officials Liability – Local Government Insurance Trust	TAKO-01-PLP	7/01/06	(1) 7/01/07	\$1,000,000 aggregate – \$2,500 deductible	Included in above
Public Liability – Local Government Insurance Trust	TAKO-01-PLP	7/01/06	(1) 7/01/07	\$1,000,000 aggregate – \$2,500 deductible	Included in above
Comprehensive Auto Liability – Local Government Insurance Trust	TAKO-01-PLP	7/01/06	(1) 7/01/07	Physical damage: Comprehensive – \$250 deductible Collision – \$500 deductible Bodily injury – no deductible BI & PD \$1,000,000 aggregate	\$ 43,139
Excess Liability – Local Government Insurance Trust	TAKO-01-XSL	7/01/06	(1) 7/01/07	Insurance for the City against losses in excess of \$1,000,000 up to an additional \$5,000,000 for automobile liability, commercial general liability, public officials, and police/personal injury liability	\$ 7,187
Building and Contents (includes boiler and machinery) Local Government Insurance Trust	TAKO-01-PRO	7/01/06	(1) 7/01/07	Insured to \$5,000,000, \$1,000 deductible.	\$ 31,391
Montgomery County – Self Insurance Program – Workers’ Compensation	-	7/01/06	(1) 7/01/07	Statutory limit	\$ 258,160
Fidelity Bond – United States Insurance Services	Various	9/01/06	(1) 9/01/07	\$2,500 deductible	\$ 3,974

(1) Insurance policy was renewed with the carrier for an additional one year period.

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